

COMMERCIAL PREPAREDNESS

Seventh
National Foreign Trade
Convention

SAN FRANCISCO, CAL., MAY 12-13-14-15, 1920

"Greater Prosperity Through Greater Foreign Trade"



OFFICIAL REPORT
of the
Seventh National
Foreign Trade Convention

Held at the CIVIC AUDITORIUM
SAN FRANCISCO, CAL.

May 12, 13, 14, 15, 1920

A stenographic report of the proceedings, the discussions, the speeches at the fifteen Group Sessions, and the addresses of the General Sessions, together with a list of the delegates present, the organizations and companies represented, and the personnel of the Convention.

ISSUED BY THE SECRETARY
NATIONAL FOREIGN TRADE CONVENTION HEADQUARTERS
INDIA HOUSE, HANOVER SQUARE, NEW YORK CITY

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NATIONAL FOREIGN TRADE COUNCIL
NEW YORK CITY

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FOREWORD
AND
"FINAL DECLARATION"

The Seventh National Foreign Trade Convention met in San Francisco, Cal., on May 12, 1920, and continued in session until the afternoon of May 15. Approximately 2,500 delegates were registered, almost all of whom were in actual attendance. They came from nearly every state in the Union, and represented hundreds of different individuals, firms or corporations interested in foreign trade, as well as educational institutions, banks, trade associations and other organizations, railroad and steamship companies. Many of them were connected with American enterprises in other lands. American Chambers of Commerce and other commercial organizations in the Far East, South America, Africa and Europe were represented. Numerous commercial organizations of South America, the Far East and European countries also were represented.

The general theme of the Convention was "*The Effect of Being a Creditor Nation.*" Five general sessions were held, at which various phases of this theme were ably presented. There were also fifteen group sessions at which methods and means of meeting the immediate problems were intensively considered.

At the opening session, a General Committee of 96 members under the chairmanship of James A. Farrell, Chairman of the National Foreign Trade Council, was appointed to consider the work of the Convention and to formulate its recommendations. This Committee was as thoroughly representative of the Convention as the Convention in turn was representative of the foreign business of the nation. Its membership included all the members of the National Foreign Trade Council present at the Convention, the officials of all the group sessions, and other representative foreign traders from various parts of the country. It had the benefit of close attention to the presentation of the various phases of the Convention theme at the general sessions, as well as full knowledge of the work of the group sessions.

The membership of the Committee was as follows:

- | | |
|-------------------------------------|-------------------------------------|
| James A. Farrell, Chairman. | J. A. H. Kerr, Los Angeles, Cal. |
| O. K. Davis, Secretary. | F. J. Koster, San Francisco |
| J. C. Ainsley, Campbell, Cal. | Jerome Landfield, New York |
| J. C. Ainsworth, Portland, Ore. | H. C. Lewis, New York |
| H. F. Alexander, Tacoma. | E. W. Lord, Boston |
| J. K. Armsby, San Francisco. | Howard W. McAteer, New York |
| Frank A. Arnold, New York | Maynard McFie, Los Angeles, Cal. |
| John J. Arnold, San Francisco | J. R. McWane, Birmingham, Ala. |
| Harrison Atwood, San Francisco | W. F. MacGlashan, Buffalo |
| A. C. Bedford, New York | S. S. Marshall, Shanghai, China |
| H. F. Beebe, Bridgeport, Ct. | W. H. Matthai, Baltimore |
| C. E. Bement, Lansing, Mich. | George R. Meyercord, Chicago |
| C. H. Bentley, San Francisco | C. M. Muchnic, New York |
| R. M. Calkins, Chicago | F. C. Nichols, Hartford, Ct. |
| A. C. Callan, Portland | W. W. Nichols, New York |
| Andrew Chilberg, Seattle | Frank S. Noble, Rochester, N. Y. |
| W. D. Cole, Oakland, Cal. | J. J. O'Brien, South Bend, Ind. |
| William F. Collins, New York | Rev. J. F. O'Hara, Notre Dame, Ind. |
| G. M. Cornwall, Portland | M. A. Oudin, New York |
| George H. Corse, Jr., San Francisco | W. D. Paden, Big Rapids, Mich. |
| E. A. Craig, Pittsburgh | Walter Parker, New Orleans |
| J. H. Cullen, Detroit | R. H. Patchin, New York |
| Ralph H. Daniels, Akron, Ohio | Furman B. Pearce, New Orleans |
| H. G. P. Deans, Chicago | A. C. Pearson, New York |
| A. J. Dickie, San Francisco | Wm. Pigott, Seattle |
| Robert Dollar, San Francisco | V. H. Pinckney, San Francisco |
| J. J. Donovan, Bellingham, Wash. | J. W. Powell, Bethlehem, Pa. |
| John S. Drum, San Francisco | Mark O. Prentiss, New York |
| Aubrey Drury, San Francisco | T. H. Ransome, Portland |
| John V. Farwell, Chicago | W. C. Redfield, New York |
| J. Rogers Flannery, Pittsburgh | J. E. Rhodes, New Orleans |
| J. Grant Forbes, London, Eng. | Welding Ring, New York |
| H. H. Garver, Chicago | Paul T. Shaw, Tacoma |
| Roy O. Hadley, Seattle | Paul H. Shoup, San Francisco |
| Mrs. J. G. Hammond, Cleveland | Leonard S. Smith, Cincinnati |
| J. E. Hannon, Louisville, Ky. | J. G. Stubbs, San Francisco |
| H. R. Hatfield, Berkeley, Cal. | S. K. Taylor, Mobile, Ala. |
| T. A. Hays, San Francisco | E. P. Thomas, New York |
| W. B. Henderson, Seattle | Frank S. Thomas, Rochester, N. Y. |
| H. G. Herget, Pekin, Ill. | F. E. Titus, Akron, Ohio |
| Louis W. Hill, St. Paul | Floyd R. Todd, Moline, Ill. |
| A. H. Holliday, Pittsburgh | W. S. Tower, New York |
| C. Parker Holt, Stockton, Cal. | A. M. Vance, Pittsburgh |
| M. H. Houser, Portland | Robert F. Volentine, New York |
| E. H. Huxley, New York | Allen Walker, New York |
| F. S. Jeffries, San Francisco | H. E. Watkins, Buenos Aires, Arg. |
| Samuel P. Johnston, San Francisco | R. T. White, Cleveland |
| E. P. Kemmer, Tacoma | E. W. Wilson, San Francisco |
| Fred I. Kent, New York | E. H. Youngman, New York |

FINAL DECLARATION

The Seventh National Foreign Trade Convention was composed of upward of 2,500 delegates from every part of the United States and many foreign countries. It assembled in San Francisco from May 12 to 15, 1920, to consider the problems of foreign trade arising out of the present position of the United States as a creditor nation. As an expression of the views of this most representative gathering of American foreign traders, the Convention presents its final declaration on questions of vital import to the future prosperity of our country, and commends to the careful consideration of Government and the people of the country these opinions and recommendations.

THE COURSE OF OUR TRADE

The United States as a creditor nation should afford to other nations every fair and reasonable opportunity to sell their products to us, especially of raw materials without detriment to existing industries. (a) To permit of the liquidation of the obligations of the debtor nations (b) to promote exchange of products in view of the impossibility of their making payments in gold (c) to provide return cargoes for our merchant marine; and (d) to relieve the demoralization of industry and exchange in Europe.

Every proper measure should be devised to encourage our manufacturers and producers to exercise the full employment of all their facilities, (a) to satisfy home demand and (b) to provide a surplus for foreign consumption, for the occupation of our merchant marine, and for the provision of supplies to foreign nations more than ever dependent on us under present conditions for articles of necessity and sustenance, or for materials to rehabilitate their depleted stocks and war-worn industries.

As collateral influences in this program of expansion of exports and imports, it is important that (a) The interests of producers generally should be safeguarded and maintained on a fair and equitable basis; (b) That production should be increased to the

maximum in order to restore normal conditions of employment and living; (c) That our banking institutions should be afforded every reasonable opportunity and protection in their efforts to expand their services to foreign commerce and in enlisting the interest of American investors in foreign securities, with united action to this end, if possible, by exporters, bankers, manufacturers and other producers of this country; (d) That a greater number of American merchandising houses should be established abroad. They would sell our goods, buy foreign goods and create a better trade and financial situation.

CO-OPERATION IN FOREIGN TRADE

Many associations have been formed under the Webb-Pomerene act, resulting in expansion of American exports. As time goes on, supplemental legislation may be necessary to further develop international trading.

PROTECTION OF AMERICAN ENTERPRISE ABROAD

The Government should maintain as a principle of foreign policy that American enterprise abroad is entitled to the same measure of protection from the government of the country where domiciled that foreign enterprises domiciled in the United States receive from this government.

THE AMERICAN MERCHANT MARINE

Our Merchant Marine should revert as soon as practicable entirely to private ownership and operation as contemplated by the act creating the Shipping Board. We urge that legislation be passed promptly providing for the sale of Government-owned tonnage on terms uniform to all buyers, having regard to the current cost of building vessels of similar type and tonnage in American shipyards. Unsold ships should be chartered at current market rates for world tonnage without restriction as to trade routes.

Owing to the insufficient number of passenger vessels in the Trans-Pacific and South American trades, measures should be taken to relieve the situation by promptly utilizing available passenger vessels in their trades.

The investigation of the American navigation system which the Shipping Board was directed by its organic act to effect, should be

completed with the least possible delay, and such revision and improvement made as will enable the operation of the American Merchant Marine on a fair competitive basis.

Shipbuilding has become a great industry and we should build for the world's markets, as well as for our own requirements. American ships were once among the largest of our exports and there is no reason why they should not be so again. We sell locomotives and freight cars and other manufactured products in all the markets of the world.

A steamship is a commodity of commerce like any other product of the mechanic art, and labor should be employed in the building of ships for export as well as in the production of shipbuilding materials for export.

MARINE INSURANCE

The Convention considers that this important adjunct to Foreign Commerce can be best carried on by private enterprise. The State and Federal Governments are urged to take steps to remove those disabilities caused by non-uniformity of state laws and excessive taxation which place American Insurance Companies at a disadvantage with the foreign insurance markets with which they must necessarily compete.

BARGAINING TARIFF ESSENTIAL

The vast market which the United States offers to other nations on a basis of equality; the supplies of American raw materials exported without taxation or discrimination, and the large tonnage available in our ports to foreign shipping on equal terms with our own, entitle American export and import trade to equality of treatment in all foreign markets.

To insure such equality of treatment the American tariff, whatever its underlying principle, should provide for additional duties on imports from nations discriminating, by tariffs or administrative practices, against the trade of the United States.

For the non-partisan and scientific ascertainment of the effect upon our commerce of the world-wide readjustment of commercial treaties, revision of tariffs and erection of new preferences and discriminations, the appropriations for the maintenance of the

United States Tariff Commission should be increased, and its investigations supported by Congress and the business public.

TRANSPORTATION DEVELOPMENT ADVOCATED

Efficient rail and inland waterway transportation is no less a part of export and import trade than ocean shipping. Sound public policy supporting private operation of the railways is imperative. Continued development of inland waterways is necessary to the perfection of economic trade routes.

EXPANSION OF CABLES, WIRELESS AND MAILS

Conditions of communication with foreign countries are intolerable. The delays in foreign cables and mails hamper commerce and greatly increase the cost and risk of doing business. Additional cable facilities and the extension of wireless telegraph service are imperative.

AMERICAN CHAMBERS ABROAD URGED

The expansion of our foreign trade can be greatly facilitated by the further establishment of American Chambers of Commerce abroad and foreign trade sections of domestic commercial organizations. Effective assistance already has been offered by these instrumentalities in promoting reciprocal relations, commercial arbitrations and adherence by their nationals to the best trade practises.

FOREIGN TRADE ZONES RECOMMENDED

The establishment of foreign trade zones at the principal American ports, where products from all countries can be assembled, classified, manufactured and reshipped, will be of great assistance in developing full cargoes both ways, so essential to the success of the new American Merchant Marine.

PARCEL POST SHOULD BE EXTENDED

The activity of the Post Office Department in extending international parcel post facilities for the United States is highly commendable. It is hoped that this activity will be continued until the service has been established with all nations and colonies.

REORGANIZATION OF FOREIGN SERVICE OF OUR GOVERNMENT
DEMANDED

The State Department should have adequate and competent representation in all lands, and especially in those new nations sprung from the reorganization following the war. Its representatives should be properly compensated and housed, and equipped with the means for effective service.

Legislation should be enacted establishing both the Diplomatic and the Consular Service on a basis which will attract competent and ambitious young men into our foreign service as a permanent vocation.

The commercial attaché and trade commissioner service of the Bureau of Foreign and Domestic Commerce should be materially expanded and placed upon a permanent basis with an adequate scale of compensation.

There should be such reorganization of the foreign service of the Government as will eliminate any duplication of effort, and enable it continuously to perform that effective work essential to the fullest development of our foreign trade.

SCIENTIFIC EDUCATIONAL PREPARATION FOR FOREIGN TRADE

Only in such measure as we equip our business agents and official representatives with accurate knowledge of foreign markets, with practical knowledge of foreign languages and with a wide knowledge of the economic, social and political conditions prevailing among the peoples of other lands, may we expect them effectively to represent us in official life or successfully promote the expansion of our commerce.

The Convention, therefore, emphasizes the need of scientific educational preparation for overseas commerce by which the youth of the land may be fitted to cope with, and solve intelligently the problems growing out of our increased participation in international affairs. Such training is an essential and fundamental factor in any successful foreign trade policy.

FEDERAL INCORPORATION OF AMERICAN COMPANIES IN CHINA

American companies in China must operate under American laws, owing to extra-territorial treaties with China. The present American laws do not give our corporations the same opportunity as corporations of other nations with which we must compete for trade in China.

Under the Hongkong ordinances our British competitors operate as China companies without income tax. American companies that have organized under the Hongkong ordinances are compelled by recent British "Orders in Council" to replace American directors and executives by British.

Bills now pending in Congress, if enacted, will permit such companies to return to the protection of the American flag and will encourage the formation of new American enterprises in China for further development of foreign trade.

These bills provide for Federal incorporation, and will enable American companies to compete with corporations of other nationalities on even terms with respect to taxation.

PEACE DESIRED

A Treaty of Peace safeguarding every fundamental principle of the Government of the United States and protecting the rights of American citizens should be effected without delay.

NATIONAL FOREIGN TRADE COUNCIL

(May 12, 1920)

The first National Foreign Trade Convention at Washington, May 27, 28, 1914, recognized the need of an organization which should endeavor to co-ordinate the foreign trade activities of the nation, and authorized the creation of the National Foreign Trade Council for that purpose.

The Council has a membership of merchants, manufacturers, railroad and steamship men and bankers, representing all sections of the United States and collectively standing for the general interest of all elements engaged in foreign trade.

Non-political and non-partisan, its function is investigatory and advisory, and it seeks effectively to co-operate with other organizations in the encouragement of sound national foreign trade policy. Through its committees, the Council is constantly investigating, and from time to time publicly reports upon problems arising in oversea commerce.

The membership of the Council is as follows:

CHAIRMAN: JAMES A. FARRELL, President, United States Steel Corporation, New York City.

TREASURER: ROBERT H. PATCHIN, Manager, W. R. Grace & Co., New York City.

SECRETARY: O. K. DAVIS, New York City.

H. F. ALEXANDER, President, Pacific Steamship Co., Tacoma, Wash.

J. K. ARMSBY, President, California Packing Corp., San Francisco, Cal.

JOHN J. ARNOLD, Bank of Italy, San Francisco, Cal.

JULIUS H. BARNES, President, United States Grain Corp., New York City.

A. C. BEDFORD, Chairman of Board, Standard Oil Co. of N. J., New York City.

WILLIS H. BOOTH, Vice-President, Guaranty Trust Co., New York City.

R. M. CALKINS, Vice-President, Chicago, Milwaukee & St. Paul Railway, Chicago, Ill.

CHAS. L. CHANDLER, Corn Exchange National Bank, Philadelphia, Pa.

HENDON CHUBB, Chubb & Son, New York City.

WALTER L. CLARK, Vice-President, Atlantic Corp., Boston, Mass.

E. A. S. CLARKE, President, Consolidated Steel Corp., New York City.

HOWARD E. COLE, Standard Oil Co. of New York, New York City.

D. Y. COOPER, President, Henderson Cotton Mills, Henderson, N. C.

MAURICE COSTER, Vice-President, Westinghouse Electric International Co., New York City.

JOHN CROSBY, Washburn-Crosby Co., Minneapolis, Minn.

F. G. CROWELL, Hall-Baker Grain Co., Kansas City, Mo.

J. J. CULBERTSON, Vice-President, The Southland Cotton Oil Co., Paris, Tex.

ROBERT DOLLAR, President, The Robert Dollar Co., San Francisco, Cal.

J. J. DONOVAN, Vice-Pres., Bloedel-Donovan Lumber Mills, Bellingham, Wash.

J. WALTER DRAKE, Chairman of Board, Hupp Motor Car Co., Detroit, Mich.

JAMES A. EMMONS, President, Quaker City Corp., Philadelphia, Pa.

HOMER L. FERGUSON, Pres., Newport News Shipbuilding & Dry. Co., Newport News, Va.

JOHN F. FITZGERALD, Boston, Mass.

J. ROGERS FLANNERY, President, Vanadium Steel Co., Pittsburg, Pa.

- P. A. S. FRANKLIN, President, International Mercantile Marine Co., N. Y.
 B. F. HARRIS, President, First National Bank, Champaign, Ill.
 H. G. HERGET, President, Pekin Cooperage Co., Pekin, Ill.
 LOUIS W. HILL, Chairman of Board, Great Northern Railway, St. Paul, Minn.
 CHAS. A. HINSCH, President, Fifth-Third National Bank, Cincinnati, Ohio.
 M. H. HOUSER, Second Vice-President, U. S. Grain Corp., Portland, Ore.
 HENRY HOWARD, Boston, Mass.
 EDWARD N. HURLEY, Wheaton, Ill.
 E. H. HUXLEY, President, United States Rubber Export Co., New York City.
 CHAS. E. JENNINGS, South Norwich, Conn.
 ALBA B. JOHNSON, Philadelphia, Pa.
 D. W. KEMPNER, Galveston, Tex.
 FRED I. KENT, Vice-President, Bankers' Trust Co., New York City.
 J. A. H. KERR, Vice-President, Security National Bank, Los Angeles, Cal.
 WILLIAM H. KNOX, President, Wm. H. Knox & Co., New York City.
 FREDERICK J. KOSTER, President, California Barrel Co., San Francisco, Cal.
 JOHN S. LAWRENCE, Lawrence & Co., Boston, Mass.
 NEAL M. LEACH, First Vice-President, J. H. W. Steele Co., New Orleans, La.
 H. C. LEWIS, National Paper & Type Co., New York City.
 CYRUS H. MCCORMICK, President, International Harvester Co., Chicago, Ill.
 J. R. MCWANE, President, American Cast Iron Pipe Co., Birmingham, Ala.
 SAMUEL MATHER, Pickands, Mather & Co., Cleveland, O.
 EDWARD G. MINER, President, The Pfaudler Co., Rochester, N. Y.
 CHAS. M. MUCHNIC, Vice-President, American Locomotive Sales Corp.,
 New York City.
 BARTON MYERS, Chairman, Port Commission of Norfolk, Norfolk, Va.
 M. A. OUDIN, Vice-Pres., Internat. General Electric Co., Schenectady, N. Y.
 LEWIS E. PIERSON, Chairman of Board, Irving National Bank, New York
 City.
 WILLIAM PIGOTT, President, Pacific Car & Foundry Co., Seattle, Wash.
 WM. COOPER PROCTOR, The Proctor & Gamble Co., Cincinnati, O.
 WELDING RING, Mailler & Quereau, New York City.
 WILLIAM H. RUSSE, President, Russe & Burgess, Inc., Memphis, Tenn.
 JOHN D. RYAN, Chairman of Board, Anaconda Copper Mining Co., New
 York City.
 W. L. SAUNDERS, Chairman of Board, Ingersoll-Rand Co., New York City.
 CHAS. A. SCHIEREN, President, Chas. A. Schieren Co., New York City.
 CHAS. B. SEGER, President, United States Rubber Co., New York City.
 W. D. SIMMONS, President, Simmons Hardware Co., St. Louis, Mo.
 G. L. SULZBERGER, New York City.
 F. H. TAYLOR, President, S. S. White Dental Mfg. Co., Philadelphia, Pa.
 STEWART K. TAYLOR, President, S. K. Taylor Lumber Co., Mobile, Ala.
 E. P. THOMAS, President, United States Steel Products Co., New York City.
 R. P. TINSLEY, Vice-President, American International Corp., New York
 City.
 FRANK A. VANDERLIP, Scarborough-on-Hudson, N. Y.
 DANIEL WARREN, Vice-President, American Trading Co., New York City.
 FRANK O. WETMORE, President, First National Bank, Chicago, Ill.
 JOHN N. WILLYS, President, Willys-Overland Co., Toledo, O.
 THOMAS E. WILSON, President, Wilson & Co., Chicago, Ill.
 DANIEL WING, President, First National Bank, Boston, Mass.
 CLARENCE M. WOOLEY, President, American Radiator Co., New York City.
 Office of Council, India House, Hanover Square, New York City.

CONVENTION COMMITTEES

Pacific Coast Committee of the National Foreign Trade Council

ROBERT DOLLAR, The Robt. Dollar Co., San Francisco, Cal., *Chairman*.
H. F. ALEXANDER, Pacific Steamship Co., Tacoma, Wash.
J. K. ARMSBY, California Packing Corp., San Francisco, Cal.
JOHN J. ARNOLD, Bank of Italy, San Francisco, Cal.
J. J. DONOVAN, Bloedel-Donovan Lumber Mills, Bellingham, Wash.
M. H. HOUSER, U. S. Grain Corp., Portland, Ore.
J. A. H. KERR, Security National Bank, Los Angeles, Cal.
F. J. KOSTER, The Koster Co., San Francisco, Cal.
WILLIAM PIGOTT, Pacific Car & Foundry Co., Seattle, Wash.

Executive Committee

FREDERICK J. KOSTER, *Chairman*.
J. K. ARMSBY,
ROBERT DOLLAR,
C. P. CONVERSE, *Secretary*.

Hotel Committee

WILLIAM F. HUMPHREY, *Chairman*.

Finance Committee

A. T. DE FOREST, *Chairman*.

General Entertainment Committee

CHAS. C. MOORE, *Chairman*.

Entertainment Executive Committee

J. R. HANIFY, *Chairman*.

Reception and Information Committees

WILLIAM H. HAMMER, *Chairman*.

Transportation Committee

H. E. MANWARING, *Chairman*.

Dinner Committee

LARRY W. HARRIS, *Chairman*.

Entertainment Committee

FREDERICK G. WHITTON, *Chairman*.

Ladies' Committee

MRS. FREDERICK G. SANBORN, *Chairman*.

Board of Supervisors

Committee on Industrial and Commercial Development

HON. RICHARD J. WELCH, *Chairman*.
HON. EDWARD I. WOLFE.
HON. JAMES E. POWER.

- HENRY A. KOSTER, President and General Manager, The Koster Company, San Francisco, Cal.
- J. FRED LARSON, Vice-President, Pacific International Company, Portland, Ore.
- F. L. LIPMAN, Vice-President, Wells Fargo Nevada National Bank of San Francisco, San Francisco, Cal.
- EVERETT W. LORD, Dean, Boston University College of Business Administration, Boston, Mass.
- ROBERT NEWTON LYNCH, Vice-President and Manager, San Francisco Chamber of Commerce, San Francisco, Cal.
- C. H. MCCORMICK, Vice-President, First National Bank, San Francisco, Cal.
- HENRY S. MCKEE, Vice-President, Merchants National Bank, Los Angeles, Cal.
- E. C. MORSE, Vice-President and General Manager, John N. Willys Export Corporation, New York City.
- W. W. NICHOLS, Assistant to Chairman, Allis Chalmers Manufacturing Company, New York City.
- FRED D. PARR, President, Parr Terminal Company, Oakland, Cal.
- REGINALD H. PARSONS, Seattle, Wash.
- HAROLD M. PITT, Manila Merchants Association, Manila, P. I.
- WILLIAM C. REDFIELD, President, American-Russian Chamber of Commerce, New York City.
- C. A. RICHARDS, President, International Steel Corporation, New York.
- GEORGE E. ROBERTS, Vice-President, National City Bank, New York.
- WILLIAM F. ROBERTSON, American Tack Manufacturers' Association, Cincinnati, O.
- JOHN H. ROSSETER, Vice-President, Pacific Mail Steamship Company, San Francisco, Cal.
- H. H. RUMBLE, Chamber of Commerce and Board of Trade of Norfolk, Va.
- F. A. SEARLE, Vice-President, Landers, Frary & Clark, New Britain, Conn.
- D. E. SKINNER, Skinner & Eddy Corporation, Seattle, Wash.
- FRANK G. SMITH, Vice-President, First and Old Detroit National Bank, Detroit, Mich.
- H. SANBORN SMITH, Vice-President, Gulf States Steel Company, Birmingham, Ala.
- LEONARD S. SMITH, Treasurer, The American Laundry Machinery Company, Cincinnati, O.
- VICTOR M. SMITH, Pacific Coast Manager, Kerr Steamship Company, San Francisco, Cal.
- WILLIAM F. SMITH, President, Hale Company, New York.
- WILLIAM SPROULE, President, Southern Pacific Railroad, San Francisco, Cal.
- FRED H. STEVENS, Secretary, Treasurer & General Manager, O. B. North & Company, New Haven, Conn.
- B. F. STONE, President, Port of Astoria, Astoria, Oregon.
- DR. HENRY SUZZALLO, President, University of Washington, Seattle, Wash.
- JOHN W. THOMAS, Vice-President, Great Lakes Trust Company, Chicago, Ill.
- H. B. VAN DUZER, Manager, Inman Paulsen, Inc., Portland, Ore.
- WILLIAM O. VILTER, Secretary-Treasurer, The Vilter Manufacturing Company, Milwaukee, Wis.
- REV. EDMUND A. WALSH, Regent, School of Foreign Service, Georgetown University, Washington, D. C.
- J. C. WATSON, Treasurer, Jones & Laughlin Steel Company, Pittsburg, Pa.
- SYLVESTER L. WEAVER, President, Weaver Roof Manufacturing Company, Los Angeles, Cal.
- J. F. WELBORN, President, Colorado Fuel & Iron Company, Denver, Colo.
- C. W. WHITTEMORE, Chairman, Delegation from Chamber of Commerce of the U. S. A. in the Argentine Republic, Buenos Aires, Argentina.
- M. A. WINTER, M. A. Winter Company, Washington, D. C.

* * * * *

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- TOMAS ARANGO, Consul of Colombia, San Francisco.
P. ROMERO BOSQUE, JR., Consul General of Salvador; Chamber of Commerce of Salvador.
CHAO HSIN CHU, Consul-General of China, San Francisco.
ANTONIO CUYAS, Commercial Delegate, Royal Spanish Embassy, Washington, D. C.
MANUEL C. DE VACA, Consul of Ecuador; Chamber of Commerce of Guayaquil.
H. G. W. DINKELSPIEL, Consul of Siam, San Francisco.
L. J. DORENFELDT, De Norske Exportnaeringers Landforbund, Christiania, Norway.
A. G. Fry, Canadian Bankers' Association, San Francisco.
GASTON GIRAUD, Commercial Attaché of French Indo-China, San Francisco.
IRVING LINDBERG, Deputy Collector-General of Customs, Managua, Nicaragua.
JOSE M. MACEDO, Consul of Peru; Peruvian Chambers of Commerce.
CAMILO QUEQUEJEU, Panama Association of Commerce, Panama.
JORGE SAENZ, Chamber of Commerce of La Paz, Bolivia.
T. TESHIMA, Mitsui & Company, Tokyo, Japan.
C. WINCKLER, Chambers of Commerce of Amsterdam and Rotterdam, Holland.

CALL OF THE CONVENTION

The world war has wrought far-reaching changes in the course of American foreign trade.

Some of the results of this change are now apparent to all. Others more remote and less tangible are yet to be dealt with. They furnish problems in statesmanship, commerce and finance which call for sound consideration and wise action.

To analyze the conditions now confronting American international commerce, and those it will have to meet in the immediate future; to consider the influence of the results of the war upon our foreign trade; to study the effect of being a creditor instead of a debtor nation; and to endeavor to obtain the thoughtful judgment of American business men upon these problems of vital importance to all our people, the National Foreign Trade Council will hold their Seventh National Foreign Trade Convention in San Francisco, California, Wednesday, Thursday, Friday and Saturday, May 12, 13, 14 and 15, 1920.

"The Effect of Being a Creditor Nation" will be the central theme of the Convention.

This country must be awakened to the full meaning of the great change in our status achieved in the last five years. It is not enough that some of the leaders of commerce, finance and industry shall interpret correctly the economic situation of to-day. A broad understanding of what it means must be brought home to all our people, and especially to producers in all parts of the country.

Chiefly through loans to our associates in the war, we have built up a huge export balance of trade. Furthermore, there rests upon us the obligation to continue exports, as far as our domestic requirements permit, as our share in the reconstitution of Europe.

The liquidation of our balance of trade can be accomplished only by imports. Shall it be imports chiefly of manufactured goods? Or shall our investors create imports through the purchase of foreign securities, and thereby increase permanently the national wealth?

Imports of goods are even now increasing. They are coming into a market whose power of consumption was greatly expanded by the war, but whose similarly increased power of production is capable of producing a surplus above its own needs.

What shall become of that surplus? Shall we cease to produce it? Or shall we find markets for it abroad, even if we must, for a time, extend the credits abroad to pay for it?

This is a subject which the Seventh National Foreign Trade Convention will study and on which its careful judgment will be asked. A sound solution of these problems is of immediate concern to our people.

To the end that this Convention may be equipped with the ability and the experience essential to the sound solution of its problems, and that its judgment may be clothed with the authority rightly attaching to the well considered opinion of American business, all Americans engaged in, or desirous of entering, foreign trade; all who are connected with any factor of our international commerce, agricultural, commercial, financial, industrial or transportation; all chambers of commerce, boards of trade, national and state associations, and all other commercial and industrial organizations, as well as firms and individuals, are hereby cordially invited to take part in it, individually or by the appointment of delegates.

This Convention should be genuinely and thoroughly representative of every part of the United States and every phase of American production and distribution for foreign trade. The departments of government dealing with foreign trade matters have pledged their hearty co-operation and will assign members of their trained forces to assist in the work of the Convention.

This is an unusually appropriate occasion for the assembling of representatives of all elements engaged in or affected by foreign trade. The service of international commerce to the nation has been very great in the past. It will be vital in the future.

We are called upon to devote the best that is in us to a substantial energetic program of construction. The antidote for destruction is production. The remedy for waste is saving.

Your co-operation in the effort, through the Seventh National Foreign Trade Convention, to make the national service of foreign trade most effective, is earnestly invited and will be heartily welcomed.

JAMES A. FARRELL, *Chairman.*

O. K. DAVIS, *Secretary.*

Office of the National Foreign Trade Council, India House, No. 1 Hanover Square, New York City.

OFFICIAL PROGRAM OF SEVENTH CONVENTION

Civic Auditorium, San Francisco, Cal., May 12, 13, 14, 15, 1920

General Convention Theme:

"THE EFFECT OF BEING A CREDITOR NATION"

RECEPTION

TUESDAY, MAY 12, 8:00 P.M.

PALACE HOTEL

The National Foreign Trade Council held a Reception for the visiting delegations of foreign business men and for Convention delegates. This was accompanied by an exhibition of industrial films, which started at 7:30 P.M.

FIRST GENERAL SESSION

WEDNESDAY, MAY 12, 10:00 A.M.

CIVIC AUDITORIUM

"Fundamentals of Our Foreign Trade"

Convention called to order by JAMES A. FARRELL, Chairman, National Foreign Trade Council.

Address of Welcome: CAPT. ROBERT DOLLAR, Chairman, Pacific Coast Committee, National Foreign Trade Council.

Organization of Convention.

Address of President of Convention.

Appointment of Convention General Committee.

Address: *"The Relation of Our Productive Capacity to Our Foreign Trade,"* JAMES A. FARRELL, Chairman, National Foreign Trade Council; President, U. S. Steel Corporation.

Address: *"The Financial Situation as Applied to Foreign Trade,"* FRED L. LIPMAN, Vice-President, Wells Fargo Nevada National Bank.

Address: *"Foreign Exchange,"* FRED I. KENT, Vice-President, Bankers' Trust Company.

SECOND GENERAL SESSION

WEDNESDAY, MAY 12, 2:30 P.M.

CIVIC AUDITORIUM

"Exports and Imports"

Address: *"The Function of Imports in Our Foreign Trade,"* GEORGE E. ROBERTS, Vice-President, National City Bank.

Address: "*Increasing Imports*," E. P. THOMAS, President, U. S. Steel Products Company.

Address: "*The Future of Our Exports*," FREDERICK J. KOSTER, President, California Barrel Company.

Address: "*Railway Service in Foreign Trade*," WILLIAM SPROULE, President, Southern Pacific Railway.

GROUP SESSIONS

WEDNESDAY, MAY 12, 8:00 P.M.

CIVIC AUDITORIUM

GROUP I

Education for Foreign Trade

Chairman, H. R. HATFIELD, Dean, School of Commerce, University of California.

Vice-Chairman, E. W. LORD, Dean, College of Business Administration, Boston University.

Secretary, REV. J. F. O'HARA, Notre Dame University.

Address: "*Why and How Economics Should be Taught in the High Schools*," DR. ERNEST L. BOGART, Assistant Foreign Trade Advisor, State Department.

Address: "*Adequate School Training in Commercial History*," EDMUND A. WALSH, Georgetown University, School of Foreign Service.

Address: "*Geography in School and College*," EMERSON LUCAS, Chattanooga, Tenn.

Discussion:

EVERETT W. LORD, Boston University.

WILL A. PEAIRS, Des Moines.

V. H. PINCKNEY, California Packing Corp'n.

GROUP II

Financing Foreign Trade

(In Co-operation with the American Bankers' Association)

Chairman, JOHN S. DRUM, 1st Vice-President, American Bankers' Association.

Vice-Chairman, FRANK S. THOMAS, Vice-President, Alliance Bank, Rochester, N. Y.

Secretary, W. F. COLLINS, American Bankers' Association.

Address: "*Through Credits and Investments*," JOHN E. GARDIN, International Banking Corporation.

Address: "*Through Foreign Finance Corporation*," FRANK B. ANDERSON, President, Bank of California.

Address: "*Possibilities Under the Edge Law*," ELMER H. YOUNGMAN, Bankers' Magazine.

Discussion: ALLEN WALKER, Guaranty Trust Company.

GROUP III

Transportation and Communication

Chairman, R. M. CALKINS, Vice-President, Chicago, Milwaukee & St. Paul Ry.

Vice-Chairman, E. L. JAHNCKE, President, Jahncke Drydock and Ship Repair Co., Inc.

Secretary, J. HUBBERT CULLEN, Detroit.

Address: "*Development of Export and Import Transportation*," R. M. CALKINS, Vice-President, Chicago, Milwaukee & St. Paul Ry.

Address: "*Port and Terminal Facilities*," B. F. CRESSON, JR., New York-New Jersey Port and Harbor Development Commission.

Address: "*Communications*," GORDON C. CORBALEY, Seattle Chamber of Commerce.

Address: "*Oriental Trade Expansion Dependent Upon Transportation Development of Asia*," PAUL P. WHITHAM, Trade Commissioner, Department of Commerce.

GROUP IV

Foreign Trade Advertising

(In Co-operation with the American Association of Advertising Agencies)

Chairman, HARRISON ATWOOD, H. K. McCann Co., San Francisco, Cal.

Secretary, SAMUEL P. JOHNSTON, Johnston-Ayres Co., San Francisco.

Address: "*Advertising Results*," J. G. CULBERTSON, President, Wichita Motors Co.

Address: "*Agency Service*," FRANK A. ARNOLD, Frank Seaman, Inc.

Address: "*Consumer Advertising Abroad*," W. E. ROW, Shanghai.

THIRD GENERAL SESSION

THURSDAY, MAY 13, 10:00 A.M.

CIVIC AUDITORIUM

"Foreign Trade Policies"

Address: "*American Organization for Foreign Trade*," HENRY SUZZALLO, President, University of Washington.

Address: "*The Work and Service of American Chambers of Commerce Abroad*," C. W. WHITTEMORE, American Chamber of Commerce, Buenos Aires.

Address: "*Federal Incorporation for Foreign Trade*," A. R. HAGER, Shanghai.

Address: "*The Need of a Bargaining Tariff*," ROBERT H. PATCHIN, W. R. Grace & Company.

Address: "*Reorganization of the Government Service of Trade Promotion and Information*," W. W. NICHOLS, Allis Chalmers Mfg. Company.

LUNCHEON

THURSDAY, MAY 13, 12:30 P.M.

PALACE HOTEL

The American Manufacturers' Export Association held a luncheon which afterward merged into the Group Session on Direct Selling. Hon. Philip B. Kennedy, Director, Bureau of Foreign and Domestic Commerce, Chauncey D. Snow, Chamber of Commerce of the U. S. A., and William Pigott, Pacific Car and Foundry Co., spoke.

GROUP SESSIONS

THURSDAY, MAY 13, 2:30 P.M.

GROUP V

Direct Selling Abroad

(In Co-operation with the American Manufacturers, Export Association)

PALACE HOTEL

Chairman, LEONARD S. SMITH, American Laundry Machinery Co.

Secretary, ROBERT F. VOLENTINE, Secretary, American Manufacturers' Export Association.

Address: "*Why Direct Selling.*" W. L. SAUNDERS, Chairman of Board, Ingersoll-Rand Company.

Address: "*Sales Methods Under Adverse Exchange.*" P. S. STEENSTRUP, General Motors Export Company.

Discussion:

GROUP VI

Banking Service to Foreign Trade

CIVIC AUDITORIUM

Chairman, JOHN J. ARNOLD, Bank of Italy.

Vice-Chairman, H. G. P. DEANS, Merchants Loan and Trust Co., Chicago.

Secretary, MRS. J. G. HAMMOND, Secretary, Foreign Trade Bureau, Cleveland Chamber of Commerce.

Address: "*Foreign Trade Promotion Through the Banks.*" W. E. AUGHINBAUGH, New York Commercial.

Address: "*Inland Banks and Foreign Trade.*" W. C. DUNLAP, Treasurer, American Multigraph Company.

Address: "*Need for Standard American Letter of Credit.*" MARC M. MICHAEL, Treasurer, Consolidated Steel Corporation.

GROUP VII

Trade with the Orient

CIVIC AUDITORIUM

Chairman: ROBERT DOLLAR, San Francisco.

Vice-Chairman: A. C. CALLAN, Pacific International Co.

Secretary, S. S. MARSHALL, Shanghai.

Address: "*China*," CHAO HSIN CHU, Consul General of China.

Address: "*The Philippines*," F. BUENCAMINO, JR., Manila Merchants' Assn.

Address: "*The Dutch East Indies*," A. TIGLER WYBRANDI, Holland-American Chamber of Commerce.

Address: "*French Indo-China*," GASTON GIRAUD, Commercial Attaché, French Indo-China.

Address: "*Japan*," T. TESHIMA, Mitsui & Co.

GROUP SESSIONS

THURSDAY, MAY 13, 8:00 P.M.

CIVIC AUDITORIUM

GROUP VIII

Foreign Trade and the Press

Chairman, ANDREW C. PEARSON, Secretary, United Publishers Corporation.

Vice-Chairman, G. M. CORNWALL, *The Timberman*, Portland, Oregon.

Secretary, A. J. DICKIE, *Pacific Marine Review*, San Francisco.

Address: "*Foreign Trade Promotion Through the Press*," ANDREW C. PEARSON, Secretary, United Publishers' Corporation.

Address: "*The Service of the Business Press*," JAMES H. MCGRAW, McGraw-Hill Corporation.

Address: "*The Agricultural Press*," G. HOWARD DAVISON, President, *El Campo Internacional* and *The Field Illustrated*.

Address: "*The Export Press*," FRANKLIN JOHNSTON, American Exporter.

GROUP IX

Foreign Credits and Credit Information

(In Co-operation with the National Association of Credit Men)

Chairman, E. W. WILSON, Vice-President, Anglo-American & London-Paris National Bank, San Francisco.

Vice-Chairman, H. F. BEEBE, Winchester Repeating Arms Co.

Secretary, FELIX S. JEFFRIES, Secretary, Credit Men's Association, San Francisco.

Address: "*The Importance of Foreign Credits*," HENRY S. MCKEE, Vice-President, Merchants National Bank, Los Angeles.

Discussion leader, JOHN CLAUSEN, Vice-President, Union National Bank, Seattle.

Address: *"Difficult Problems and How to Solve Them,"* E. G. SWIFT, San Francisco.

Discussion: *"Credit Insurance, Is It Feasible? Is It Desirable?"*

Discussion leader, GEORGE R. MEYERCORD, 1st Vice-President, Illinois Manufacturers' Association.

GROUP X

American Trade with Russia

Chairman, W. C. REDFIELD, President, American-Russian Chamber of Commerce.

Vice-Chairman, WALTER D. COLE, President, Oakland Chamber of Commerce.

Secretary, E. P. KEMMER, Secretary, Tacoma Chamber of Commerce.

Address: *"Russia, an American Problem,"* W. C. REDFIELD, President, American-Russian Chamber of Commerce.

Address: *"Trade Possibilities with Asiatic Russia,"* DAVID P. BARROWS, President, University of California.

Address: *"Current Conditions in Russia,"* JEROME LANDFIELD, American-Russian Chamber of Commerce.

GROUP XI

Foreign Trade Information

Chairman, W. F. MACGLASHAN, President, The Beaver Board Companies.

Vice-Chairman, J. GRANT FORBES, American Chamber of Commerce in London.

Secretary, H. H. GARVER, Chicago Association of Commerce.

Address: *"How to Use the Federal Information Services,"* E. A. BRAND, Tanners' Council of the U. S. A.

Address: *"The Services of Business Libraries,"* MISS A. L. ROSE, Special Libraries Association.

Address: *"A New Commodity Classification for Trade Statistics,"* G. B. ROORBACH, School of Business Administration, Harvard University.

FOURTH GENERAL SESSION

FRIDAY, MAY 14, 10:00 A.M.

CIVIC AUDITORIUM

"The Merchant Marine"

Address: *"American Maritime Policy,"* WELDING RING, Merchant Marine Committee, National Foreign Trade Council.

Address: *"American Marine Insurance,"* HENDON CHUBB, Chubb & Sons.

Address: *"Fuel Oil and Foreign Trade,"* A. C. BEDFORD, Chairman of Board, Standard Oil Company of New Jersey.

Address: "*American Coal and Its Relation to Foreign Trade*," E. D. ENNEY, President, Williams Cory-Mann George Corporation.

Address: "*Marine Securities*," JOHN E. BARBER, Harris, Forbes & Company.

LUNCHEON

FRIDAY, MAY 14, 12:30 P.M.

ST. FRANCIS HOTEL

The Advisory Committee on International Parcel Post gave an informal luncheon for the discussion of the international parcel post service as an aid to foreign trade. Hon. Otto Praeger, Second Assistant Postmaster General, discussed parcel post extensions now under consideration.

GROUP SESSIONS

FRIDAY, MAY 14, 2:30 P.M.

CIVIC AUDITORIUM

GROUP XII

Practical Problems of the Export Manager

Chairman, C. H. BENTLEY, California Packing Corporation.

Vice-Chairman, A. M. VANCE, Pittsburgh Plate Glass Co.

Secretary, F. E. TITUS, B. F. Goodrich Rubber Co.

Address: "*The Selection and Training of Export Salesmen*," W. P. F.

AYER, Vice-President, Walworth Mfg. Co.

Address: "*Trade Mark Protection*," LAWRENCE LANGNER, New York.

Address: "*Survey of New Markets*," E. WILHELMI DROOSTEN, The Robbins & Myers Company.

GROUP XIII

Webb Law in Operation

Chairman, H. C. LEWIS, National Paper & Type Co.

Vice-Chairman, H. G. HERGET, President, Pekin Cooperage Co.

Secretary, J. E. RHODES, Secretary-Manager, Southern Pine Association.

Address: "*Webb Law Developments*," HUSTON THOMPSON, Federal Trade Commission.

Address: "*Webb Law in Operation*," E. J. BARTELLS, Wood Pipe Export Co.

Address: "*Webb Law Association Management*," E. E. JUDD, Manager, American Webbing Manufacturers Export Corporation.

GROUP XIV

Pacific Problems

Chairman, M. H. HOUSER, Portland, Ore.

Vice-Chairman, MAYNARD MCFIE, President, Los Angeles Chamber of Commerce.

Secretary, ROY O. HADLEY, Seattle Chamber of Commerce.

Address: "*Commercial Intercourse with China*," JOHN FOORD, American Asiatic Association.

Address: "*Relations with the Peoples of the Orient*," ROBERT NEWTON LYNCH, Vice-President, San Francisco Chamber of Commerce.

Address: "*Handling Products of the Orient*," W. B. HENDERSON, Pacific Ports, Seattle.

GROUP XV

Latin-American Relations

Chairman, V. H. PINCKNEY, Chairman, Latin-American Committee, San Francisco Chamber of Commerce.

Vice-Chairman, H. E. WATKINS, Buenos Aires.

Secretary, AUBREY DRURY, San Francisco Foreign Trade Club.

Address: "*Transportation, Tariff and Customs Conditions in Latin America*," F. F. G. HARPER, San Francisco.

Address: "*Financing Foreign Trade in Latin America*," GUY W. WOLF, Financial Editor, *Commercial News*.

Address: "*Ocean Transportation*," CHAS. E. BROWN, Swayne & Hoyt, Inc.

BANQUET

FRIDAY, MAY 14, 7:00 P.M.

CIVIC AUDITORIUM

A most interesting entertainment was arranged by the Local Committee for this occasion. No formal speeches were made.

FIFTH GENERAL SESSION

SATURDAY, MAY 15, 10:00 A.M.

CIVIC AUDITORIUM

"National Program for Foreign Trade"

Reports of Group Sessions.

Report of General Convention Committee.

Miscellaneous Business.

ADJOURNMENT

TRADE ADVISOR SERVICE

A committee consisting of: Chairman, DR. E. E. PRATT, Former Chief, Bureau of Foreign and Domestic Commerce; Vice-Chairman, V. H. PINCKNEY, California Packing Corporation; Secretary, P. H. PATCHIN, Standard Oil Company of California; Members, F. A. ARNOLD, American Association of Advertising Agencies; W. M. BENNEY, National Association of Manufacturers; O. O. GALLUP, Export Managers' Club of New York; H. H. GARVER, Chicago Association of Commerce; C. T. GWYNNE, Chamber of Commerce of State of New York; F. E. HAGEMEYER, American Exporters and Importers' Association; G. A. O'REILLY, Irving National Bank of New York; B. B. Tregoe, National Association of Credit Men; R. F. VOLENTINE, American Manufacturers' Export Association, had general supervision of the arrangements during the Convention for the services of the Trade Advisors.

The Hall on the Polk Street side of the Civic Auditorium was set aside for the use of this Service. A very large number of conferences were held and the usual spirit of co-operation was much in evidence.

TRADE ADVISORS

A number of gentlemen, long experienced in foreign trade, either as heads of foreign selling organizations for large manufacturers or as export and import merchants, served as Trade Advisors on forming export connections; developing foreign markets; handling transportation and banking details; foreign credit problems; foreign advertising; marine insurance; trade mark registration, and other details of foreign trade.

The following duly appointed Trade Advisors were in attendance:

- H. V. ALWARD, Assistant Manager, Bank of California, Tacoma, "Financing Foreign Trade."
G. T. ARMSTRONG, Anderson Meyer & Co., Hankow, China, "Trade with China."
FRANK A. ARNOLD, Manager, Foreign Department, Frank Seaman Incorporated, "Advertising for Foreign Trade."
W. P. F. AYER, Vice-President, Walworth Manufacturing Company, "Securing, Training and Coaching Export Salesmen."
E. O. BAKER, Connell Brothers, Shanghai, China, "Trade with China."
A. A. BAXTER, General Manager, Douglass Fir Exploitation & Export Company, "Webb Law" and "Export of Fir Lumber."
FREDERICK BEEBE, Manager, Frederick Beebe & Company, "Import Merchandising."
H. F. BEEBE, Credit Manager, Winchester Repeating Arms Company, "Foreign Credits."

- DAVID BEECROFT, Directing Editor, The Class Journal Company, "International Markets for Automotive Products."
- C. H. BENTLEY, Vice-President and General Manager, California Fruit Canners' Association, "Export of Canned Goods."
- E. A. BERNHARD, American Chamber of Commerce, Barcelona, Spain, "Trade with Spain."
- ROLAND P. BISHOP, Bishop & Company, "Export and Import Merchandising."
- LOUIS BLOCH, General Manager, Crown Willamette Paper Company, "Export of Paper and Paper Products."
- JOSEPH A. BRODERICK, Vice-President, National Bank of Commerce in New York, "Bank Acceptances."
- GEORGE B. CARPENTER, Foreign Trade Advisor, Merchants National Bank of Los Angeles, "Sales and Transportation Facilities in Latin-American Republics."
- ANDREW CARRIGAN, Vice-President and General Manager, Dunham, Carrigan & Hayden Company, "Export of Hardware" and "Packing for Export."
- JOHN CLAUSEN, Vice-President, Union National Bank of Seattle, "Financing Foreign Trade with Cuba, Mexico and Central America."
- G. R. COLEMAN, Gaston, Williams & Wigmore, Shanghai, China, "Trade with China."
- M. J. CONNELL, Connell Brothers Company, "Export of Flour and General Foodstuffs."
- MILTON H. COOK, President, H. N. Cook Belting Company, "Exports of Leather Manufactures."
- M. G. COOPER, President, Cooper, Coate and Casey Dry Goods Company, "Export of Textiles and Dry Goods to World Markets."
- M. S. COWEN, Manager, M. S. Cowen & Company, "Import of Rice."
- J. G. CULBERTSON, President, Wichita Motors Company, "Export of Motor Trucks."
- WALTER F. DAHLGREN, Assistant Secretary, California Fruit Growers' Exchange, "Export of Citrus Fruits."
- B. C. DAILEY, Vice-President, Overseas Shipping Company, "Functions of the Freight Forwarder."
- C. E. DANT, Vice-President, Dant & Russell, Incorporated, "Export of Lumber."
- D. E. DELGADO, Export Manager, Eastman Kodak Company, "Direct Selling of Specialties in Latin America and Japan."
- E. WILHELM DROOSTEN, Export Manager, The Robbins & Myers Company, "Export of Electrical Goods" and "Surveying Foreign Markets."
- D. S. EVANS, Export Manager, the Paraffine Companies, Inc., "Export of Building Materials to Australia and Orient."
- O. H. FISCHER, President, Union Gas Engine Company, "Export of Gas Engines."
- A. W. FOLLANSBEE, JR., Marine Secretary, Fireman's Fund Insurance Company, "Marine Insurance."
- H. W. FORCE, President, California Corrugated Culvert Company, "Export of Agricultural Equipment."

- FRANK A. FOSTER, Paotingfu, China, "Trade with China."
- R. R. FOX, Vice-President, Simonds Manufacturing Company, "Export of Saws and Tools."
- J. E. FREENEY, Manager, Export Department, C. E. Van Landingham Company, "Export of Canned Fish and Fruit."
- J. BERNARD FRISBIE, National City Bank of New York, Buenos Aires, "Trade with Argentina."
- H. H. GARVER, Foreign Trade Commissioner, Chicago Association of Commerce, "Trade Possibilities with Mexico."
- ENRIQUE GIL, Aldao Campos & Gil, "Latin American Laws and Trademark Regulations as Affecting American Export Business."
- GASTON GIRAUD, Commercial Attaché, French Indo-China, "Commercial Possibilities with French Indo-China."
- T. A. GRAHAM, Assistant Freight Traffic Manager, Southern Pacific Company, "Railroad Transportation for Foreign Trade."
- A. R. HAGER, International Correspondence Schools, Shanghai, China, "Trade with China."
- W. S. HANFORD, Pacific Orient Company, "Export of Iron and Steel Products."
- JOHN P. HAUSMAN, President, Geo. S. Bush & Company, Inc., "Foreign and Domestic Customs Laws" and "Freight Forwarding."
- CHARLES F. HAUSS, Vice-President, Mediterranean Trading Company, Inc., "Trade with North Italy."
- W. B. HENDERSON, Director, International Trade Department, Frank Waterhouse & Company, "Class of Distributors in the Far East Handling American Goods."
- C. PARKER HOLT, Treasurer, Holt Manufacturing Company, "Export of Tractors and Agricultural Machinery."
- ALFRED HONIGBAUM, Manager, Foreign Department, Rosenberg Brothers & Company, "Export of Dried Fruits."
- E. H. HUXLEY, President, United States Rubber Export Company, Ltd., "Rubber Goods in Foreign Trade."
- A. B. HYKES, U. S. Steel Products Company, Shanghai, China, "Trade with China."
- WILLIAM IRONS, Manager, The Puget Sound Flouring Mills Company, "Export of Grain and Flour Through Port of Tacoma."
- SAMUEL M. JACKSON, President, The National Bank of Tacoma, "Financing Foreign Trade."
- H. T. JAMES, Vice-President and General Manager, Bass-Hueter Paint Company, "Export of Paints and Varnishes."
- E. E. JUDD, General Manager, American Webbing Manufacturers' Export Corporation, "Webb Law Associations" and "Export of Webbed Goods."
- S. L. KREIDER, Los Angeles, Cal., "Freight Forwarding Through Port of Los Angeles."
- LAWRENCE LANGNER, New York, "International Trademark and Patent Protection."
- C. M. LEWIS, President, China Club of Seattle, "Sales Methods in China."

- H. C. LEWIS, General Manager, National Paper and Type Company, "Paper Situation in Foreign Countries."
- S. B. McNEAR, Vice-President, Sperry Flour Company, "Export of Wheat Flour."
- RODNEY H. MARCHANT, R. H. Marchant Company, "Export of Labor-Saving Devices."
- S. S. MARSHALL, China & Mongolia Export Company, Tsingtau, China, "Trade with China."
- WILLIAM G. MARVIN, Legal and Insurance Department, National City Bank of New York, "Marine Insurance."
- R. C. MEAD, Manager, Export Department, Western Wholesale Drug Company, "Export of Drugs to Latin America."
- C. F. MICHAELS, Langley, Michaels Company, "Export of Drugs and Chemicals from Pacific Coast."
- WATT L. MORELAND, General Manager, Moreland Motor Truck Company, "Export of Motor Trucks."
- W. E. MORRIS, Vice-President, Farmers and Merchants National Bank, Stockton, Cal., "Financing Foreign Trade with Latin America."
- M. P. MOSELEY, Vice-President, The American Exchange National Bank, "The Relation of Exchange to Trade."
- J. A. NADLER, Manager, Chemical Department, Dill-Crosett, Inc., "Export of Dyes, Paints and Chemicals" and "How to Build Up Exports Through Export and Import Merchants."
- E. H. NIEHAUS, Credit Manager, Rice-Stix Dry Goods Company, "Foreign Credits."
- WILLIAM A. NOBLE, Vice-President, D. C. Andrews & Company, "Freight Forwarding and Export Shipping."
- M. A. OUDIN, Vice-President, International General Electric Company, "Electrical Goods."
- A. C. PEARSON, Secretary, United Publishers' Corporation, "Textile Advertising Abroad."
- LEOPOLD PERUTZ, General Manager, U. S. Forwarding Company, "Trade with Czecho-Slovakia."
- V. H. PINCKNEY, California Packing Corporation, "Legal Advice on International Problems."
- H. M. PITT, Manila Merchants' Association, "Trade with the Philippines."
- GEORGE POWELL, President, Oregon-Pacific Company, "Freight Forwarding."
- H. T. POWELL, Standard Oil Company, "Export of Petroleum Products."
- C. A. PRATT, President, Pacific Box Company, "Wood Boxes for Export."
- FRANCIS B. PURDIE, Manager, R. G. Dun & Co., "Credits and Trade with South America."
- CHAS. A. RAUSCHER, Jr., Export Manager, Channel Commercial Company, "Export of Groceries to Central America."
- B. H. REYNOLDS, Commercial Supervisor, All-America Cables, "Cable Communication with South America."
- C. A. RICHARDS, President, International Steel Corporation, "Export of Steel Products."
- WELDING RING, Mailler & Quereau, "Australia and South Africa."

- MAX F. ROESTI, National Shawmut Bank, Boston, "Financing Foreign Trade."
J. ROSENFELD, A. B. Rosenfeld & Son, Shanghai, China, "Trade with China."
W. E. ROW, Fobes Company, Shanghai, China, "Trade with China."
G. W. SAURRET, Export Manager, Llewellyn Iron Works, "Export of Iron to Japan."
SEWARD C. SIMONS, Manager Evaporated Vegetable Department, E. Clemens Horst Company, "Export of Desiccated Foods."
H. SANBORN SMITH, Vice-President, Gulf States Steel Company, "Export of Steel."
DR. A. A. SNOWDEN, Standard Oil Company of New York, "Selecting and Training Salesmen for Foreign Trade."
H. A. SOLOMON, Arkell & Douglass, Shanghai, China, "Trade with China."
CARL J. SWENSON, Manager, Foreign Department, Merchants' National Bank of Boston, "Export of Cotton Textiles" and "Financing Foreign Trade."
J. J. TE KAAAT, U. S. Steel Products Company, Sourabaya, Java, "Trade with Dutch East Indies."
CARSON TAYLOR, Manila Daily Bulletin, "Trade with the Philippines."
CHARLES G. TENDER, General Sales Manager, Portland Flouring Mills Company System, "Export of Flour, Cereals, Feeds and Other Wheat Products."
ALLEN WALKER, Manager, Foreign Trade Bureau, Guaranty Trust Company, "Webb Law Associations" and "Developing Foreign Investments."
H. E. WATKINS, H. E. Watkins & Company, Ltd., Buenos Aires, Argentina, "Conditions in Argentina and Uruguay."
C. W. WHITTEMORE, General Manager, Singer Sewing Machine Company, Buenos Aires, Argentina, "Conditions in Argentina and Uruguay."
W. D. WHITTEMORE, Agent, International Banking Corporation, "Financing Foreign Trade in the Orient."
D. R. WILLIAMS, Manila, "Trade with the Philippines."
A. A. WILSON, Manager, Park Union Foreign Banking Corporation, "Financing of Foreign Trade by Bankers' Acceptances."
T. R. C. WILSON, Engineer in Forest Products, U. S. Department of Agriculture, "Packing for Export."
T. J. WOLFF, Sanitary Steam Laundry, Manila, "Trade with the Philippines."
C. M. WYNNE, Export Manager, Montgomery Ward & Co., "Exporting by Parcel Post."
GEORGE J. YATER, Traffic Manager, Lunham & Moore, "Freight Forwarding."

DEPARTMENT OF STATE

The Department of State assigned to the Convention two of its representatives of long experience and well informed on recent events abroad. Those designated were:

Dr. ERNEST L. BOGART, Assistant Foreign Trade Advisor.

DEWITT C. POOLE, Jr., Consul.

BUREAU OF FOREIGN AND DOMESTIC COMMERCE

The Department of Commerce was represented by officials and other experts of the Bureau of Foreign and Domestic Commerce. The results of their investigations into every branch of foreign trade afforded a vast amount of practical information.

The following officials attended:

PHILIP B. KENNEDY, Director of Bureau.
L. DOMERATZKY, Chief of Foreign Tariffs Division.
F. R. ELDRIDGE, Jr., Chief of Far Eastern Division.
JULEAN ARNOLD, Commercial Attaché, "China."
PAUL EDWARDS, Commercial Attaché, "Holland."
E. G. MEARS, Trade Commissioner, "The Levant."
PAUL P. WHITHAM, Trade Commissioner, "Far East."
E. G. BABBITT, Manager, San Francisco District Office.
S. H. BLALOCK, Manager, Seattle District Office.

SEVENTH NATIONAL FOREIGN TRADE CONVENTION

San Francisco, Cal.

May 12, 13, 14, 15, 1920

FIRST GENERAL SESSION

Wednesday, May 12, 10:00 A.M.

Civic Auditorium

The Convention was called to order by James A. Farrell, Chairman of the National Foreign Trade Council, at 10:00 A. M.

CHAIRMAN FARRELL: The convention will please come to order. As Chairman of the National Foreign Trade Council, it is my pleasant duty to call to order this Seventh National Foreign Trade Convention in San Francisco and to welcome you in this conference. There are among you men and women from all sections of our own country, as well as from many other parts of the world. To-day for the first time we have the added pleasure of greeting at a Foreign Trade Convention representatives of commercial and trade associations of many foreign countries.

It is especially fitting that this Convention, to attend which many have traveled a long distance, should be held at this golden gateway to the Pacific Coast. The representatives of our foreign commerce from all three of the great Pacific Coast states have been zealous in their participation in previous Conventions, and active and faithful in supporting the development of international trade, which is the function of the National Foreign Trade Council.

When the united and cordial invitation of California, Oregon, and Washington, of San Francisco, Los Angeles, Portland, Seattle, Tacoma, and all your many other busy and beautiful cities, and your chambers of commerce and other trade organiza-

tions, to hold this Convention in San Francisco was accepted by the National Foreign Trade Council, it was a just recognition of the substantial share you have borne in the work of previous Conventions, and of the Council. There is something important and significant in the assembling of this Convention here to-day. It is on this great Pacific Ocean that we can look forward to a vast development of overseas commerce. In our country there is a large and rapidly increasing population, bountifully supplied by nature with the materials for production, and furnished by their own energy with industrial equipment capable of producing merchandise to meet the needs of those in other lands. On the other side of the Pacific reside more than half of the people of the whole world. In the swiftly progressing countries of the continent which forms the southern half of the Western Hemisphere, and in the richly endowed nations of Australasia, are many millions more producing vast stores of materials, in the manufacture of which our industries find constantly increasing employment.

Thus it is that the great ports of the Pacific, from California to Washington, find increasing opportunity to build up their foreign trade and confidently face a development for the future.

It is because of this, that the National Foreign Trade Council is here to-day, greeting in this Convention the industrial representatives of other nations. We do not forget that international commerce is of a mutual character.

It is time for the people of the United States to recognize the service of foreign trade and to take part in its problems. The whole question of America's future commerce overseas is of paramount interest to the agriculturists, manufacturers, merchants and bankers of this country, and indeed to all those engaged directly or indirectly in the production of the great diversity of materials whose output, over and above the needs of domestic consumers, must rely on markets abroad for distribution.

This is a business meeting. Partisanship and politics have never had any place in the deliberations or conclusions of the National Foreign Trade Council. Our business here is to discuss and consider problems affecting foreign trade. The strain of long continued hostilities is ended. We must deal now with conditions resulting from the war. It is a task that calls for wise counsel and sound judgment.

The call of the Convention announced that its central theme would be "The Effect of Being a Creditor Nation." We must not overlook the fact that that effect will be felt in all the countries represented here to-day, as well as in the United States; and it is fitting and proper that their representatives should take part in these deliberations.

The experience of previous Conventions has proved the wisdom of the custom which has obtained at all of them, of not adopting formal resolutions; and in view of the non-partisan and non-political character of this assembly, that custom will again be followed. The General Convention Committee, which will be in touch with all sessions, both general and group, will present a report at the closing session dealing with matters presented and considered here, and formulate recommendations which it may deem wise to submit. (Applause.)

I have the great pleasure, gentlemen, of introducing Captain Robert Dollar, Chairman of the Pacific Coast Committee of the National Foreign Trade Council, who will make the address of welcome. (Applause.) Captain Dollar is a man known to all of you as a pioneer in foreign trade and a man whose efforts have been directed in building up our country's prestige. Above all, he is a man whose heart has been directed toward the upbuilding and development of the trade of this great Pacific Coast. Captain Dollar. (Applause.)

CAPTAIN ROBERT DOLLAR: Mr. Chairman, Honored Guests, Ladies and Gentlemen: It is certainly a great pleasure to me, and a privilege, to welcome to San Francisco such an audience as I see before me this morning. You come from every state and territory in the union, from North and South America and from all parts of the Far East, Japan, China, the Philippine Islands and the Straits Settlements.

This is the first time that we have ever had the privilege of welcoming foreign delegates and it is an auspicious occasion for San Francisco. Hospitality is all very good, and I hope that you will be satisfied, but the object of getting you here is business—to develop foreign trade and nothing else. No doubt we will do our best to be hospitable and treat you the best we can; but remember the object is the development and increase of foreign trade and nothing else.

All nations are welcome to this gathering and I can assure

you that you will be treated fairly and right. Those from neighboring states, also, will be treated in a very liberal manner by this organization.

It is opportune that this Convention is held here. In the first place, foreign commerce started, as you all know, in Persia or along the Persian Gulf, and it gradually moved westward towards Egypt and the Mediterranean; and there for centuries the people of the various Mediterranean countries and those of Asia Minor competed for commercial supremacy. At times that supremacy was Persian and Phœnician, again it was Palmyran, and then Rome got it and held it for centuries. Then it spread over Europe and the center finally got to London. On account of the war it still took a stride westward, and temporarily New York was the center of the world's commerce. I am going to talk to you a little later on where commerce is going to land before so very long. (Laughter.)

We are all interested in foreign trade, every one of us. There isn't a person in this room that is not interested either directly or indirectly in foreign trade. On two of our ships I counted the commodities that were carried—just on two—and there were 304 different commodities on those ships being exported from this country to the Far East. Homeward there were 153 different commodities carried this way. There is not a person in this room but what is interested in some one of those commodities and, therefore, I am talking to an audience that is interested in foreign trade; and I want to say to you that no nation in the history of the world was ever truly great that did not have foreign trade.

Those that are interested are the manufacturers, the merchants and the ship owners. Now the shipper, as you all know, is an absolute necessity. Congress by its wisdom, if we can call it by such a name, legislated our ships off the ocean. Our honored President has said there must be no politics in this and anything I am going to say to you has no political bearing at all; but so that you will understand me aright, I want to explain to you the difference between the Republicans and the Democrats. (Laughter and Applause.)

The Republicans went to work to legislate the merchant marine off the ocean and they came very near doing it, but they

didn't quite manage it; but the Democrats got in, and blessed if they didn't finish the job. (Laughter.)

This recognition of the Pacific is timely. It is not too soon and I can assure you all that we appreciate your coming so far to attend this convention. When this organization started, it reminded me of the proverbial saying of the man crying in the wilderness. Our foreign trade had gotten to a very low ebb, and through the instrumentality of our worthy President here, we got this Foreign Trade Convention started seven years ago. The result is right here before my eyes.

True commerce is to buy and sell. A great many people think that commerce is to sell only. We must buy. Did it ever occur to you what it would cost to ship your commodities from this country and bring the ships back empty? Wouldn't you have to pay about double freight? But, if we can get cargoes each way, then we got our stuff shipped for about half the money; therefore, true commerce is to bring cargoes both ways. The balance of trade would necessitate that, and if we do not have the correct balance of trade we have got to export gold and silver.

From this port alone in 1919 there were \$350,000,000 in gold sent out instead of sending \$350,000,000 in products. That is not true commerce, gentlemen. We must have a buying and selling arrangement to make it a success.

A couple of years ago I was in a port in China where we had been shipping a good deal of American raw cotton. Strange to say, we were bringing back Chinese raw cotton. It is almost unbelievable. I said to our manager, "Have you investigated this?" He said, "No, sir, we are getting the trade both ways and I think we should keep quiet about it." I was a little bit inquisitive and I went to the man shipping the cotton out and asked him to explain the matter to me. He said, "Here is some American cotton. It has nice long fibers and is very straight, nice cotton. This over here is Chinese cotton. It is very short on the grain and is very crinkly. By some hocus-pocus that I cannot explain to you, I ship this cotton on your ships and when it gets into the New England factories in America it is converted into wool to make all-wool clothing." (Laughter.) I could tell a great many things we have found out, but I only mention that one to show you the peculiarities, if I may call it that, of commerce. Thus we are

getting freight both ways and it isn't up to us to talk too much about it.

We need banks in foreign countries, and strange to say our laws prohibited our national banks from establishing branches in foreign countries until three years ago when the law was changed and now we are able to have banks in foreign countries. Did you ever think of the detriment to American commerce that it is to take your bills of lading and your documents and put them into a foreign bank?

There is an old saying that is very true that blood is thicker than water, and the foreign banker is apt to give the foreigner the tip that such and such business is being done. I myself have got the tip, so I am not talking through my hat on this. (Laughter.)

Then came the Sherman Act, but through the instrumentality of this organization and a vigorous effort on the part of our Secretary, Mr. O. K. Davis, the Webb-Pomerene Bill was put through to allow us to develop foreign commerce, when at the same time the Kaiser took his merchants by the back of the neck and compelled them to go together. Our Congress said, "If you do that thing, we will put you in jail." That is the difference between the foreign trade of two countries:

There is one thing that is a great detriment to us and this organization has taken it up, and I think that we want to fight it to a finish, namely, that we want the privilege of forming corporations in foreign countries so that we will not be compelled to pay taxes twice. By the American law we pay taxes in foreign countries to the foreign countries. That is right, we are doing business there, but it is not right that we should pay especially the excess profits taxes in this country which deprive us of the privilege of extending and developing our foreign commerce. All nations have that privilege except us. We have regulations innumerable to hold us down and prevent our doing things, and mighty few regulations to help us to develop foreign commerce. All that is wrong.

To put the whole thing into a nut shell, our merchants and our ship owners must be put on an equality with their foreign competitors. Nothing else will do. (Applause.) We want to demand that and see that we get it. I will give you an illustration of that. On one of our ships some years ago, there was a bully

on board and he had beaten every one he had tackled, but he reserved one fellow that he was a little bit afraid of until the last. Finally he challenged him to come out and fight. Before the fight he thought he would pray to the good Lord and this was his prayer, and it is the prayer of us fellows to Congress: "Good Lord, this is the first time I have ever prayed to you and it will be the last time. I don't ask you to help me. I don't want you to help me, but if you will only agree not to help the other fellow it will surprise you how quick I will wipe up the decks." (Laughter and applause.) Now if Congress will only say, "We are not going to help you but we are going to put no obstructions in your way," I want to tell you we will come pretty near getting there. (Applause.)

We are terribly handicapped by the delay in our cables. That you all know, and some desperate effort should be made so that we can get our cables through and not have to wait a couple of weeks for them. In the modern way of doing business we have to have cables. In the olden times we did not need them. Now we must have cables and better service, and it is up to our government to see to it that we do get better service.

We have brought you here to look out on the Pacific Ocean, and you are looking out on pretty nearly one billion people; far more than half of the people of the world are on the other side of this Pacific. That gives you some idea of the importance of this meeting here.

I am going to make a statement which I think I will substantiate with figures. In a short time, not very long, the center of the world's commerce is going to be transferred from the Atlantic to the Pacific. That is not very nice for you gentlemen in the East, but it is going to happen and nothing is going to stop it. Probably you will say, "Well, I am optimistic." The fellow that is in the foreign trade and isn't optimistic, isn't in the foreign trade at all. (Applause and Laughter.)

All that I want to say to you is by way of encouragement, and I do not wish to say anything in the way of discouragement. There never was a time when those who are in the foreign trade had more cause for congratulation and encouragement than at the present time. To show you what progress is being made, I want to show you some things that are being done.

Five years ago, I tried with the Consul General in Shanghai

to form an American Chamber of Commerce and we could not get twelve men to go into an American Chamber of Commerce in China and now they have 330 members in it. Isn't that encouraging, an American Chamber of Commerce over there. (Applause.)

As you all know, the whole world is upside down. Sterling exchange that was the standard of the world has gone to a point that no man ever dreamed it could reach, that it could go so low. The silver in China in the Far East is worth more than gold to-day, so they are going to have a day of reckoning pretty soon.

In talking of what is ahead of us, what would any one have said if a man had stood up, as I am standing before you to-day, in the days of Columbus and talked about the center of the world's commerce coming to the Pacific, or what would they have thought if he had talked of the center of the world's commerce moving out of the Mediterranean into the Atlantic? Wouldn't they have locked him up as a lunatic? They would have.

Now just a few words to show you what progress has been made here. About one hundred years ago or a good deal less time than that, there was not a white man on this whole Pacific Coast, not a one, and see what has been accomplished in the Pacific Coast states. Twenty-six years ago there were forty thousand tons of cargo carried to the Far East, to and from the Far East from San Francisco. Just remember that. Twenty-six years ago there were thirty-seven thousand tons carried from Puget Sound and only 7,500 tons of that were American products going the other way. The ships were going in ballast over to the other side.

Fifty-three years ago the first steamer crossed the Pacific ocean. I have given you those figures to show you the comparison of those times and the present so that you can figure out what the difference is going to be in twenty or thirty years from now. Just twenty years ago the real start was made in steam shipping on this Pacific Ocean. Two hundred and thirty-seven net tons of steamers were engaged twenty years ago. In 1919 the entrances and clearances on this Pacific Coast were thirty-nine million tons. I wish that some of you fellows who are smart at figuring would tell me where we are going to land in twenty years at that ratio. Last year there were 16,000,000 net tons engaged in the commerce of this ocean. Is it any wonder, then, that we have big expectations?

Japan now has 90,000,000 people. Commodore Perry opened

the ports of Japan sixty-six years ago. Sixteen years ago I happened to be in Hakodate. There were only three Americans there at that time. In that city they were having a great celebration. It was the fiftieth anniversary of the opening of Hakodate to the world's commerce by Commodore Perry. On the principal street they had a painting of the Mikado shaking hands with Commodore Perry. They didn't shake hands when he first went there. He threatened to blow them off the island if they didn't open the port.

We went into the park and there was a model of a yacht there and I had a Japanese fellow translate the inscription on it. It read as follows: "This was presented by Queen Victoria to the Mikado thirty-three years ago." (That is from that time.) "This was our entire steam fleet at that time. To show you what progress we have made and what we have done since, please turn around." It was on a hillside. You turned around, looked the other way and there was the great battleship fleet of Japan, that afterwards destroyed the Russian fleet, anchored in the harbor. I never saw a better illustration of what progress was than that.

I want to talk more particularly of China because the opportunities in China are so much better than in any other country. There are 400,000,000 people there and I am sure there are even more than given by the census. One day a Chinaman met me on the street and we were discussing the possibilities in China. I said to him, "The way we are going to increase the trade here is to increase the purchasing power of the people." He said, "How can that be done? It can't be done." At that particular moment there were thirteen men who came along hauling a wagon of lumber. It happened to be from my lumber yard. It was in the winter time and there was snow on the ground. Those men were all barefooted, and I was paying them eight cents a day. I said, "You take those thirteen men off that wagon, put a horse there with one man to drive it and put the other twelve men into a factory and you will increase their purchasing power and then they will buy more and develop the commerce of your country." I asked that man how many men and women in China were going barefooted and he said there must be 100,000,000 anyway, going barefooted. I told him if they could earn a little more they would not go barefooted, that they were going barefooted from necessity and not from choice. I

told him that each one wanted to buy a pair of shoes and stockings. There are some shoe manufacturers here, and I just want you to take that home with you. (Laughter.)

Hongkong for several years reached second place in the world's commerce of seaports. That gives you an idea of the magnitude. China produces one-third of the raw cotton of the world. It is the second largest market for cotton clothes. They have minerals beyond any calculation. Then again, they have oils, a great many oils, and the Philippine Islands can be developed to any extent. I claim that the Island of Java is the richest island in the world and it is a smaller island than Luzon; and Luzon is just as rich as Java, but it isn't cultivated, so you see the prospects ahead there.

I want to tell you gentlemen that it is a good thing you are not so optimistic as I am, and that you don't see the prospects as I see them, because every mother's son of you would want to go over there and get into business.

The province of Szechuen has more inhabitants than all of South America. The last census gave 66,000,000 and they have increased a good deal since it was taken. Szechuen is entirely cut off from the world's commerce. There is no way to get into it except through the Yangtze River gorges, a very dangerous and difficult navigation. Two powerful steamers are now running through the gorges to Chungking, 1700 miles from the ocean, one of them flying the American flag, and incidentally you will see the Dollar mark on the smokestack. (Applause.)

There are a great many young men here in this audience, and I want to say to you that many of you are going to see the center of the world's commerce on this Pacific Ocean, and I am not dead sure but what I will live to see it. (Applause.)

In conclusion I will say to you that San Francisco opens wide her doors to you. Her heart is with you; and through her Chamber of Commerce and her citizens she offers you the very best that she has. Thank you. (Applause.)

CHAIRMAN FARRELL: Ladies and gentlemen, it is now in order to nominate a presiding officer for this convention. The chair will be pleased to receive nominations.

MR. JOHN J. ARNOLD: I am sure that all those who have attended these conventions have in mind only one man that we should like to have preside over this gathering. Those who have

not had the pleasure of sitting under his leadership I am sure will be equally pleased when the convention is over that we chose him. I take great pleasure in nominating Mr. Alba B. Johnson of Philadelphia as the presiding officer of this gathering.

MR. WM. PIGOTT: On behalf of the Pacific Coast, I take great pleasure in seconding the motion. (Applause.)

The motion was carried unanimously.

PRESIDENT JOHNSON: I cannot but be sensible of the goodwill which this election to preside over this great convention signifies. It has been my good fortune to attend all but one of the conventions of the National Foreign Trade Council. Unfortunately I was prevented from attending the one at Cincinnati.

It has been a pleasure not only to observe the growth of this foreign trade movement and the increasing importance of these annual gatherings, but also to note that each convention has had its own particular characteristic, based upon the conditions existing at the time, which conditions have changed with the succeeding year. I have read, after these conventions have passed by, the annual proceedings which have been printed, and have compared them with other publications upon the subject of foreign trade, and I have come to the conclusion that the papers here read, the opinions here expressed, are the most authentic and authoritative expressions upon the subject of the foreign trade of the United States that are anywhere to be found.

Looking over the program which has been prepared for this convention, I am convinced that its own individual character will be unimpaired; that it will have as distinctive a characteristic as any of the conventions which have preceded it.

I have listened with the deepest interest to the gracious address of welcome given by Captain Dollar, one who has been identified with this foreign trade movement from the beginning, who has made himself beloved by every one accustomed to attending these meetings, and one whose utterances not only demand national attention but are also received with delight by those who listen to them.

I feel that the National Foreign Trade Council has made no mistake in selecting San Francisco as the place for this year's convention. Personally, I was delighted when your delegates came to the Council last year and presented your invitation. The wisdom of accepting it is proven here this morning by the magnificent at-

tendance which we have at this opening session, an attendance greater than we have ever had before at any preceding convention, (Applause), an attendance which comes from a broader area and from more countries than ever before manifested their interest in the subject of American foreign commerce.

I wish especially to acknowledge the efficiency and the success of the local committee here in San Francisco which has contributed so much to our comfort, which has given us so warm a welcome to your city, and which has made us feel not as strangers but as friends among friends. It is inconceivable how perfectly and how efficiently these arrangements have been carried out. You gentlemen of San Francisco have taught us of the East a lesson not only in hospitality but in business efficiency. (Applause.)

We are glad to be here. We are glad to be in the State of California. Many of us are here for the first time. Many of us have our first impressions of the manifold and varied resources of this golden state and I assure you, gentlemen of California, that it will not be the last time that we shall come here to crave your hospitality.

By calling this National Foreign Trade Convention to meet in San Francisco, you have increased and multiplied the friends and admirers of this splendid Pacific Coast.

I had not intended to make a speech. I find upon the printed program that it calls for remarks of the presiding officer. The presiding officer has two duties: first, that of restraining himself and second, that of restraining others. My conception of the duties of the presiding officer is that he shall act as the agent and the attorney, the representative of those persons who are sitting in the audience who have only one sole defense against this gross vice of public speaking to which we as Americans are so subject. Therefore, gentlemen, I accept the trust which you have imposed upon me as a real trust to defend you in the conduct of these meetings. (Applause.)

The next business before us is the election of a secretary for this convention. Nominations are now in order.

MR. H. C. LEWIS: I take great pleasure in nominating the efficient secretary of the National Foreign Trade Council, Mr. O. K. Davis, as secretary of this convention and suggest that he be given power to nominate such assistants as he needs.

The motion was seconded and carried unanimously.

MR. J. R. MCWANE: I move that the President appoint delegates in such number as he may deem proper as Honorary Vice-Presidents.

The motion was seconded and carried unanimously.

PRESIDENT JOHNSON: It is unanimously adopted and the announcement will be made later of those who are so appointed.

MAYOR GEORGE L. BAKER (Portland, Oregon): Before the afternoon session takes place, I move you, sir, that an American flag be hung over the speaker's stand.

The motion was seconded and carried unanimously.

MR. H. G. HERGET: I move that the convention be authorized to appoint delegates in such number as may be necessary for the formulation of its final report.

PRESIDENT JOHNSON: Mr. Herget has moved that a general convention committee be appointed.

The motion was seconded and carried unanimously.

PRESIDENT JOHNSON: The chair will announce those appointed at the close of this meeting.

We will now proceed with the general program of the convention as printed in the program. It is particularly appropriate that the first speaker should be the author and originator of this national foreign trade movement, Mr. James A. Farrell, President of the United States Steel Corporation. (Applause.) Mr. Farrell will take as his subject, "The Relation of Our Productive Capacity to our Foreign Trade."

THE RELATION OF OUR INDUSTRIAL CAPACITY TO OUR FOREIGN TRADE

By JAMES A. FARRELL

Chairman, National Foreign Trade Council
President, U. S. Steel Corporation

When we are confronted by the fact that the imports and exports of the United States for the calendar year 1919 amounted to nearly 12 billions of dollars—in round figures \$11,800,000,000—as against \$4,258,000,000 for the year before the war, it would appear to be superfluous to insist that we must become a foreign trading nation. The figures would seem to indicate that, con-

sciously or unconsciously, we were already there. But figures must be interpreted with due regard to the facts for which they stand, if their true meaning is to be extracted. A close approach to a three-fold expansion of our foreign trade in five years marks a sufficiently impressive chapter of our industrial and commercial history, but its true meaning will escape us unless we can clearly define in what the expansion consisted. The value is there, but how about the volume? Have the tons, the yards, the gallons for which the dollars stand, increased in anything like the same proportion as the recorded values? We all know they have not. A careful comparison of the returns of our foreign trade for last year with those of five years ago would probably show that prices have advanced in much greater proportion than quantities.

It is true, that even when measured solely by the volume of expansion, the rate of progress has been much greater than that established during any preceding five years. But the advance made in the agencies and instruments of production has been on an entirely unexampled scale, and the conclusion is brought home with an entirely new emphasis that American industrial development has reached the stage when the United States must become, in all that the words imply, a foreign trading nation. That involves the further requirement that the American people generally must understand their personal relation to the international commerce of the country as a whole; they must realize that it is not only those directly connected with foreign trade, but every inhabitant of the land, wherever located and however occupied, that shares in its benefits and bears a direct responsibility for its continued success. In other words, the whole people must be prepared to join in giving sustained and intelligent support to the efforts of those who, whether in Government employ or in private enterprise, are charged with the obligation of directing and maintaining this increasingly important factor in our common life.

Such progress as has been made, impressive as it seems, fails to demonstrate such a general participation in foreign trade as to warrant us in describing the United States as being already a distinctively foreign trading nation. It is one indication, however, of the industrial change that has been taking place during the last half century in this country, and which reached its climax during the war. Fifty years ago, the total of our exports was

only \$376,600,000, or less than one-twentieth of their value in 1919. Of that comparatively small amount, raw materials and foodstuffs together contributed more than 81% and manufactures less than 19%. Last year the manufactures, including manufactured foodstuffs, accounted for over 70% and raw materials and foodstuffs in crude condition for only 29½%. In 1870 we were not equipped industrially to compete with the older manufacturing nations in supplying the needs of the world for the products of manufacture. As a people, we were actively engaged in self-development, and were borrowers of European capital which was devoted to the construction of needed transportation and manufacturing facilities. Almost of necessity, our chief energy and attention were concentrated upon the requirements of our home market, and our interest in foreign markets was chiefly as places for the disposal of any surplus production we might have over and above the demands of domestic consumption.

That continued to be our situation down to the outbreak of the war. It is true that many of our manufacturers had already learned the lesson that full production tends to diminish unit costs, and in order to secure that lowered unit cost they were willing to dispose of surplus stocks unsalable at home by sending them abroad. But the terms of price were too often merely what they could obtain, and in no proper sense could these transactions be called legitimate foreign trade. It was really an accessory of domestic trade in the shape of foreign dumping. I am speaking now, of course, merely of the distinctively industrial element in our foreign trade. One class of foreign traders, the export and import merchants, we have always had, and they have added not a little to the world-wide fame of American commercial enterprise. But any study of our international commerce will disclose the fact that in the last analysis it is our industrial development, our productive capacity, which determines the degree of our continuous participation in the competition for foreign markets. As this industrial development went on, there inevitably came into being an element in it which deliberately devoted itself to foreign trade because of the benefits and advantages which it yielded, and not merely as a means of supplementing domestic production. This element understood that if it be wise for a manufacturer to distribute his products in

widely different domestic markets, so as to offset the effect of periods of local depression which affect one section and not another, the same principle applies with even greater force to the acquisition of foreign markets. These people found that the steady cultivation of foreign markets enabled them to secure the benefit of full production and continuous employment of labor and not merely when there was a brisk domestic demand, that it helped to stabilize their industry and to neutralize the effect of periods of domestic depression. In this way we had the beginnings of direct industrial participation in foreign trade.

But although this element was distinctly in evidence for some time before the European war, and its output for foreign trade had achieved considerable proportions, it was still on the whole merely incidental to the great bulk of American commerce. The President of the United States, in a speech at Cincinnati, in the fall of 1916, declared that our foreign trade was only 4% of our total commerce. Three years before that, however, the Secretary of Commerce had issued a statement congratulating the country upon the fact that the exports of manufacturers ready for consumption had reached the figure of \$750,000,000 in one year, approximately \$2,000,000 a day. But it was highly significant of the condition I have described that the great bulk of these exports was produced by a very small number of manufacturers, considerably fewer, in fact, than there are stars in the flag. Direct interest or participation in foreign trade was still very far from general among American producers. Our industrial development had, however, reached the stage where it was continuously able to produce a surplus for export above the needs of the domestic market, and a good share of this surplus was produced definitely for export. Some of our more far-sighted manufacturers were already making regular allotments of a fixed proportion of their output for foreign trade, and the business of manufacturing specifically for export was becoming solidly, if not widely, established in the United States.

I do not want to weary you with statistics, but a few illustrations will give a fair indication of the rate of our industrial development prior to the European war. In 1860 the number of manufacturing establishments in the United States, as reported by the census, was 140,433. They employed 1,311,000 wage earners; paid an annual aggregate of \$378,000,000 in wages, and

spent \$1,032,000,000 for material. The products they turned out were valued at \$1,886,000,000. By 1914, the number of manufacturing establishments had grown to 275,791—not quite double that of 1860, but their average capacity was much greater. They employed 964,000 salaried officers and clerks at a total remuneration of \$1,288,000,000; their wage earners numbered more than seven millions, or over five times as many as wage earners and salaried officers combined in 1860. The total of wages paid was \$4,079,000,000, or more than ten times the aggregate of the earlier period. They paid for materials fourteen times the amount paid in 1860 and their product was valued at nearly \$25,000,000,000, or about thirteen times the figure for 1860. The fact may be noted that in the fifty-five years during which this industrial development occurred, the population of the country had increased from 31,000,000 to 98,000,000, or somewhat over 200%.

During the period in question there was a very large agricultural development, starting with 2,660,000 farms in the country and 5,923,000 persons employed on them in 1870. In 1910 there were 6,362,000 farms and 12,659,000 persons engaged in agriculture. The value of farm property in 1870 was \$8,945,000,000 and of farm products \$1,958,000,000. In 1910 the value of farm property had grown to \$40,992,000,000 and of farm products to \$8,498,000,000. In the latter year the value of produce of American farms was approximately as great as that of the farm property itself in 1870. But despite this huge increase in the great industry of agriculture, both in plants and production, the increase of population and the expansion of manufacturing industry had progressed so rapidly as to consume at home a steadily increasing proportion of the agricultural production. I have already shown that in our exports the percentages of foodstuffs and of manufactures have practically changed places in the course of the last half century. In other words, this people has within that period definitely shifted from being a nation whose preponderant products were agricultural to a nation whose production is chiefly industrial.

But still, we had not reached the stage of being really a foreign trading nation. It remained for the European war to bring us swiftly and almost unconsciously to that point. This it did in two ways: first, by greatly stimulating the expansion of our

industrial capacity; and second, by inducing, during the period of our participation in the war, such an energy of production and such a frugality in consumption as resulted in savings that made possible the loan of from ten to twelve billions of dollars to Europe, as well as the repayment of several billions of capital previously borrowed from Europe. In other words, the war made us a creditor nation. In a period of five years, or less, we achieved an industrial and financial position such as Great Britain needed more than a hundred years of carefully fostered and wisely directed development to attain. When, in 1913, the Secretary of Commerce felicitated the country on its ability to produce for export a surplus of manufactures worth some \$750,000,000 a year, neither he nor any other American anticipated that within five years there would be anything like the expansion of plant capacity which actually did occur. The achievement has become a more or less familiar fact to all of us, and from whatever point of view the subject is examined, we are insensibly led to the same conclusion. Whether we study the investment of capital in the extension of old plants or the erection of new ones; whether we devote attention to the totals of production, or the movement of freight tonnage, or follow any other similar line of investigation, we arrive at the same result, namely, that there has been an enormous increase in the industrial plant capacity of the country during the war. It is the effect of that greatly enlarged basis of production with which we are now vitally concerned.

In the year that immediately preceded the outbreak of the war, seven billion dollars' worth of manufactures entered into international commerce. The United States was seventh on the list of nations whose products represented substantial shares of this commerce. Great Britain, France and Italy together produced \$3,000,000,000 worth. Germany, Austria-Hungary and Belgium added \$2,000,000,000, and the products of Canada, Japan, Russia, Scandinavia, the Netherlands and Switzerland made up another billion. With the complete cutting off of Germany, Austria-Hungary and Belgium, and the great reduction in the export capacity of Great Britain, France, Italy and Russia, the demands upon the productive capacity of the United States were greatly increased. As a result, our exports of manufactures, including the two groups, "for further use in manu-

facturing," and "manufactures ready for consumption," but not including "foodstuffs wholly or partly manufactured," leaped to an average for the four years, 1916-19, of more than \$3,500,000,000 a year.

In the year which saw the outbreak of the war, the total value of the manufactures of the United States was slightly under twenty-five billion dollars, and the exports of manufactures were one billion, approximately 4%. A report just prepared for the National Foreign Trade Council by Mr. O. P. Austin, statistician of the National City Bank of New York, estimates the total gross value of the manufactured products of the United States for 1919 at \$48,500,000,000. As the value of the exports of manufactures was \$5,449,000,000, the ratio of exports to total gross value was 11.3%. In estimating the gross value of manufactures, however, there is an element of duplication, which the census of 1900 estimated at one-third, due to the fact that the products of certain factories are used as the raw materials of others. Allowing for this duplication, the net value of the manufactures of the United States for 1919 may be estimated at \$32,000,000,000, on which basis the percentage of exports was 17%.

Thus it appears that it required fifty years of industrial development, prior to 1914, to give the United States a manufacturing capacity capable of producing an annual surplus of about one billion for exports. But the next five years increased our plant capacity so rapidly that in the first year after the return of peace we were able, despite the decreased efficiency of labor and the increased demand of the domestic market, to export manufactures more than five times as great in value.

It is true that, as I have already noted, there was a great disparity between the increase in value and the increase in volume, but the transformation effected in the productive capacity of the United States in order to meet the requirements of war was nevertheless a notable one. For our present purpose, the salient fact is that the war greatly stimulated production in a large number of lines which, with the return of peace, were equipped, as never before, for export production. The imperative demand for victory over the enemy naturally translated itself into a call for increased productive capacity all over the country, and that just as naturally brought about an expansion

of old plants and the erection of new ones here in scores, and there in hundreds and thousands of cases.

It is a great mistake to assume that the plant expansion which took place in 1917-1918 on so vast a scale in all the industrial sections of the United States, was accomplished only by concerns of great magnitude and large capital. It is true that it was achieved on a colossal scale by certain establishments, usually, though not always, with the aid of liberal government financing. But omitting government expenditure from the reckoning, the expansion effected by the larger concerns is probably not the major part of what actually took place. In every industrial section of the country—along the Atlantic Coast, in the South, in the Middle West especially, and on the Pacific Coast—many hundreds of concerns, individuals, partnerships and corporations busied themselves in increasing their productive capacity in order to help meet the insatiable demand of our own Government and the Governments of the Allies for production, and in order that we might at the same time do all we could to meet the pressing demands from those markets which had been cut off from their usual sources of supply.

The State of Ohio has been aptly described as a huge workshop. In one district of the State, embracing but a comparatively small part of its area, several sheets of closely typewritten paper would be required to list, one name to a line, the plants which were expanded in response to this demand. The reports from that district show that in the great majority of cases the capital of the concerns making such enlargement was under \$250,000, and that the expansions themselves ranged in cost from \$10,000 to \$100,000. Reports specially prepared for the National Foreign Trade Council, show that the situation in the district cited is fairly typical of the whole industrial area of the country. The census taken this year will no doubt disclose with reasonable accuracy the full extent of the marvelous industrial changes which have been effected during the last five years, but it is too early as yet to have any reliable information from that source. What is apparent to all, however, is that this development was super-imposed upon an industrial structure which, before the war, was capable of already producing a substantial surplus of manufactures for export. The situation has been obscured to some extent by the long duration of the war and the consequent exhaustion of

reserve stocks of all kinds throughout the world. The withdrawal of from twenty-five to thirty millions of men from active production to engage in military service, and the greatly increased consumption by these men of the output of the largely reduced number of producers resulted in an eager but abnormal demand upon our production during the war. The exhaustion of the world's reserve stocks has projected into the first years of peace that abnormal demand upon our industrial resources. The psychological reaction resulting from the long strain of war has greatly lessened the ratio of production by unit of labor in all countries—in those directly engaged in fighting as well as those not immediately affected by it. The situation in this country has been further complicated by the release of the pent-up buying power of our people, who, while hostilities continued, were intent upon displaying the utmost frugality that they might take their full share in war financing, which included the huge loans to our European Allies.

We see how fortuitous and casual our foreign trade has been, not merely in the time when it only meant four per cent of our production, but in the enormously increased exports brought about by the war. Of scientific organization for foreign trade we were, in our earlier years, throughout the war, and are even now, lacking. We see that we have created an enormous machinery for production, not alone that in well-organized hands but all over the country; while our machinery for salesmanship and distribution to the foreign consumer requires further development in order to compete with countries which have been at war but can now increasingly compete with us in manufacture for the world's trade. The world's demand for manufactured articles is limited only by its purchasing power, in credits, loans or the exchange of commodities. It is not merely that with scientific and broadly conceived organization we can develop a trade that will take up what we do not need at home, it is that we must devise such a plan of campaign, organizing for peaceful contest equipped with finance and transport, or we must be confronted with an overproduction unwieldy and beyond assimilation in this country.

Briefly, the time is almost at hand, if indeed it is not already here, when the effect of the great plant expansion that took place during the war will no longer be considered only by those who give special attention to such matters, but will be observable, and observed, by all our people. As Europe progresses toward her

own recovery, and comes back into the full energy of production, that effect will be more and more evident. Some of the European countries have already made great strides toward recovery. It has been estimated that Belgium has attained 80% of her normal productivity and, as the rapidly mounting figures of her exports testify, Great Britain is fast resuming her old form. The anticipation is by no means unduly optimistic that in the near future Europe will be in a position to begin making payments of interest, if not of principal, on the loans we have made to her. These payments, when they come, will be, as far as Europe can make them so, in the shape of merchandise, the products of industry. It is to the advantage of Europe to export to us as largely as she can of the fruits of her labor, and it is obviously to our advantage to receive payment of the interest on her debt to us. It will be our effort to stimulate the importation of raw materials for the benefit of our own industry and to promote the investment of American capital abroad by way of lessening the necessity of immediate payment.

But the fact has always to be borne in mind that foreign trade is at least two-sided, and that it can be successful only when both sides derive profit from it. Imports pay for exports, and we have a huge balance of exports to be paid for. We have no longer a great annual interest bill to meet in London; that has been replaced by an interest bill twice as large to be met in this country. Necessarily, a large part of this bill will be met with goods, and those goods will come into a market equipped industrially to produce much more than it can consume. There is, of course, always room for certain classes of imports; no country is capable of producing all that its people need and desire. We shall continue to sell large quantities of our products in the very countries of Europe which are deeply indebted to us. We shall be confronted, in a quite unmistakable way, with the fact that we are able to produce more than we can sell at home. We shall face, accordingly, such an urgency for foreign trade as we have never before experienced. For, either we shall find markets abroad for the surplus of our industrial productivity, or we shall cease to produce it, which is quite unthinkable. That way lies stagnation, unemployment and business reverses. But the world offers vast opportunities for American enterprise. Needs that have been restricted by jealous and discordant political policies,

material development that has been checked by the insistence on narrow spheres of interest, will be governed in the future by a broader and freer conception of international cooperation than has ever prevailed before. It is at least possible to cherish the belief that railroads will be built with a single eye to their commercial value and not to their place in military strategy; that the wealth producing industries which follow in the wake of the railroad will spread throughout long stagnant regions of the earth.

There can be no question about the economic rebirth of the civilized world, for it is already in progress even in places where industrial distress seems most acute and social disorganization most profound. Vast undeveloped portions of the world with fertile soil and cheap labor are entering upon a period of rapid development. They will help supply the rapidly increasing needs for foodstuffs and raw materials, and they will at the same time furnish new markets for finished products. We may not be able to tell the precise extent or fix the exact direction of the forces that are about to change the face of the world, but we may face the future with confidence by the exercise of an intelligent foresight and by being ready to adjust ourselves to the new course of economic development. We must devote the same sustained and intelligent effort to international commerce that has produced such wonderful results in our domestic trade. The development of our industrial productive capacity during the war, coupled with the change in our national financial status, might, if unintelligently handled, be the forerunner of distress. But if only it be handled with intelligence, energy and courage, there lies in it a vastly greater potentiality for general benefit through foreign trade. (Applause.)

PRESIDENT JOHNSON: As has been mentioned, the general topic of this whole convention is, "The Effect of Being a Creditor Nation," and the topic of this morning's session is, "Fundamentals of Our Foreign Trade." The next address will be a subdivision of this topic, "The Financial Situation as Applied to Foreign Trade," and the speaker will be one who is very well known to you of the Pacific Coast, Mr. Fred L. Lipman, Vice-President of the Wells Fargo Nevada National Bank. (Applause.)

THE FINANCIAL SITUATION AS APPLIED TO FOREIGN TRADE

By FRED L. LIPMAN

Vice-President, Wells Fargo Nevada National Bank

The Financial Situation at any moment of time is the net result of many complex influences, forces that are more powerful than any man, group or nation. Frequently a discussion of it drifts into prediction and prophecy. Our aim here to-day is less ambitious; it is to investigate the present situation in the light of the developments which have led up to it, with the hope of discerning a trend or direction which would help to guide us in our planning. Naturally, with a subject so broad, only the few phases that seem most fundamental and characteristic can be dealt with.

We shall first consider the financial situation in the United States affecting all our business, both foreign and domestic, and then some features of the international financial position that apply to our foreign trade.

The money market in the United States to-day is said to be in an expanded or inflated condition. Bank loans and deposits have reached figures never before equalled: the cash reserve of the Federal Reserve Banks has approached its minimum limit; interest rates are high, and it has been felt necessary to publish warnings that care must be exercised against further expansion. Apparently there must be a limit somewhere and apprehension is felt as to what would happen if that limit were passed. Legitimate business is still being accommodated, but the question may be raised whether there can be too much of even that good thing—legitimate business. We know there has been speculation going on in securities, in lands, in commodities. Can it be that speculation has reached the point of undermining the financial structure? Prices and wages are unprecedentedly high. Has this condition been brought about by some abuse of the money and credit facilities of our banking system?

This situation seems to resemble inflations of former periods, such as those which led up to our panics of 1893 and 1907. That

similar conditions have inevitably been followed by forced liquidation and crisis is the personal experience of the present generation of business men. The panic of 1873 followed an era of overbuilding in railroads; that of 1893, over-speculation in land; that of 1907, an attempt to create huge corporations or trusts to dominate the several industries in which they operated, a movement accompanied by unbridled speculation in securities. The credit cycle taken at the point of depression in business proceeds, economists tell us, to a period of confidence and improved activity, then to super-activity and overtrading, culminating in a crisis accompanied by commercial failures and widespread loss. Therefore when we witness around us superactivity, expanded credit, high prices, wages and interest rates, we are disposed to believe that we can recognize the fateful point in the cycle thus preceding the typical crisis. "

But may it not be that the present expansion is the result of conditions and activities essentially different from those of the inflation characteristic of the credit cycle? That the orderly development of the credit cycle might have been disturbed by the tremendous dislocations due to war, it would not be unreasonable to suppose. Thus we find that during the past several years, although personal extravagance has abounded, business men as a class have been cautious rather than sanguine, have been impressed by the unreality of a prosperity built upon war demand instead of ready to believe that the prevailing activity would last indefinitely, have hesitated in tying money up in plants and when convinced that investment in fixed improvements was necessary, aimed to plan so as to absorb the cost out of existing contracts. This attitude does not make for general unsoundness. Now soundness consists in a situation where outstanding bank loans have as their actual basis staple commodities situated at some point on their journey from production to consumption: unsoundness implies that these loans are based on fixed plants not yet brought to the point of productive operation, on business losses not yet absorbed or on mere speculation where the securities, lands or commodities are held for sale to some one else at a higher price, the new purchaser being expected to carry them on new bank loans while awaiting a still higher price. But the past several years have not, speaking generally, been years of optimism but rather of conservatism; and the fears and caution so characterizing manufac-

turers and merchants have been at least equally shared in by bankers. There has been an actual underproduction of merchandise, partly due to abnormal demand created by large distributions of wages but still more a direct result of the war, of the demand for munitions, of the withdrawal of millions of men from productive industry, and of the necessary repressions of priority programs. The credit cycle being built on psychological conditions—depression, discouragement, followed by returning confidence growing into overconfidence and optimism—these latter, even allowing for the many cases of speculation, clearly have not formed the mental attitude characteristic of this recent period.

If then the expansion is not to be accounted for by general overtrading, what explanation can we find? An answer may be sought in the financing, within a period of about two years, of some \$21,000,000,000 of Government bonds. The effect of loans made to carry Liberty Bonds is that they remain outstanding long after the commodities which were purchased with their proceeds have been consumed, and therefore they must have served to inflate the country's credits. Doubtless these loans are not unsound in any sense suggesting that the Liberty Bonds are not a safe security, the liquidation of which in due course cannot be a matter of doubt and without material loss, but only in the sense of causing an expansion of credit not based upon salable merchandise. When we consider the enormous volume of credit expansion thus brought about—directly and indirectly it must even to-day exceed the total loans of the Federal Reserve Banks—we have to conclude that herein may lie the fundamental cause of the effects which now confront us, even if we feel sure that other influences, such as imperfectly applied taxation and impeded transportation, have also been at work.

However, it is doubtless true that the present condition of expansion cannot last, it is bound to lead to something else. Experience of other wars would indicate that when the shortage of commodities relative to money and credit has been made good we may expect falling prices and wages, and business depression.

Some say that even this solution cannot be reached without crisis and panic, but this view when analyzed seems to mean only that the reaction in prices and wages is expected to come suddenly, instead of gradually, and would then be accompanied by commercial failure more or less widespread. Crisis is a forced liquidation

for those who are overextended; it is altogether normal and bound to come whenever overconfidence, overtrading and speculation have undermined the business structure. Panic, on the other hand, tends to bring ruin on all, the sound as well as the unsound. It ought to be a thing of the past in this country, for it implies a poorly organized banking system, unable to provide sufficient elasticity to protect even sound business during a period of strain. For decades a crisis in the United States has almost invariably been accompanied by panic, but to-day, for the first time during a period of inflation, we have in operation the Federal Reserve System which, though perhaps not yet a perfect instrument, may be expected to function here as the Central Banks have done in the European countries. There these Central Banks have come to the rescue in time of crisis with the result that on some terms any sound business man has always been able to get bank accommodations. In certain quarters it is feared that our Federal Reserve System may not prove able successfully to carry on this function. We are already near the danger line, it is said, and should expansion be permitted to continue further we may come to the crisis only to find that having fully used up the facilities of the Federal Reserve System we are no better off than before. But this, it seems to me, is not crediting the Reserve System with its reserved capacities. In time gone by the Bank of England has been obliged to put its rates up to 10% but it has accommodated sound business men. It has seen its circulation expand above the legal limit and has applied to the Government for special permission to exceed that limit. In the Federal Reserve Act it is definitely provided that the Federal Reserve Board shall have authority when necessary to suspend every reserve requirement otherwise fixed by law, and this gives the System an expansibility sufficient to meet any conceivable demand. Therefore while this elasticity in the Federal Reserve System cannot be expected to save foolish men from the consequences of their errors and excesses it may be relied upon by the sound business man for his necessary finance and he can therefore direct his attention to his production or distribution, seeing to it only that he keeps his own affairs in sound condition.

The general price and wage levels do not fall directly within the scope of a paper on the financial situation. Yet when we find that all prices and the wages of all industrial workers are at an extremely high point we realize that this is only saying that the

money and credit in which the prices and wages are quoted and paid are at a low level. And this in turn implies that in some way the price and wage levels may constitute a problem which, after all, is a financial problem. Which is cause and which is effect in the seesaw between prices and money? This is often a disputed question. But as far as we can trace the influences of the past few years, prices and wages have advanced through the demand for merchandise rather than through the supply of money. Not only has there been a merchandise demand insistent in character, as when the Government was in the market for munitions that it had to have, and not only have goods so furnished been consumed destructively and not for the purpose of further production, but it has been a demand regardless of cost. Indeed higher prices were encouraged as tending to stimulate the production of further supplies. When these higher prices brought about higher wages and new fortunes were made through war activities, the inexperienced owners, unaccustomed to save, swiftly turned their earnings back into the markets, swelling the demand for goods and raising the price level still further.

It would seem that the function of money and bank credit through this movement had been merely permissive, standing ready for use when called upon. To a considerable extent the credit had been in existence before but, unused, has not caused any rise in prices, and we all know that during periods of depression bank funds stand unemployed without acting in the least to keep prices up. The relation of the money market as such to the business men is after all a passive one. He applies for his loan, he repays. The bank has no means of forcing out its funds, or of inducing any one to borrow, nor does it attempt to do so. And so it seems probable that the present inflation has been brought about by conditions in the merchandise markets, which would argue that when the tide turns the movement downward will also be based upon conditions in the merchandise markets, not in the money market.

The prudent business man to-day is probably considering his plans with reference to changes that may be impending, both in and out of his particular trade; supply overtaking demand, a sellers' market turning into a buyers' market, falling prices, signs of overproduction instead of underproduction, and a general depression. But he need not feel alarmed at disaster directly threatening him from the money market. The banks have been warned, and are

giving warning that further expansion of credits should be controlled, that speculation and mere investment loans should be discriminated against; the Federal Reserve rates have been raised and may be increased still further. All this for what purpose? Only that the credit facilities of the country may be conserved for the use of legitimate business, the production, distribution, export and import of salable merchandise.

This analysis of the money market may be summed up as follows:

1. Inflation exists.
2. It has been caused in the main by influences characteristically different from those of the normal credit cycle.
3. And therefore may not be followed by the usual crisis.
4. Some change, however, must be anticipated. Viz:
5. Lower prices and wages, and a period of depression.
6. If these changes come suddenly they will constitute crisis; that is, they will bring about forced liquidation and commercial failures.
7. But the Reserve System should prevent such crisis from degenerating into panic.
8. It is probable that the situation in the money market is fundamentally sound, in spite of speculation here and there; and the prominently unsound feature, Liberty Bonds carried by the banks, is only so in respect of inflation, not in respect of intrinsic value, and will therefore be relieved when and as liquidation in the Bonds takes place.
9. Our legitimate trade, whether domestic or foreign, need not fear an inability to obtain necessary bank accommodations.

Turning now to the international financial situation, we see that while many of its complex influences have a bearing on our foreign trade, in practice they affect that trade mainly through the exchange rate. It is not that it is impossible to export or import to-day, in fact a vast interchange is constantly going on, but that the disorder in the exchanges makes to-day's business difficult and to-morrow's business hazardous, together with an underlying fear that, at some low point, the rate may become altogether prohibitive. On the other hand, a restoration of normal rates would apparently denote the completion of some kind of rehabilitation abroad. We may conclude therefore that the international financial situation

converges on the exchange rate, so far as our foreign trade is concerned.

Various explanations are offered to account for the fall in the exchanges. The enormous indebtedness of Europe to the United States, some ten billions of dollars, is popularly supposed to have something to do with it; the huge balances of trade accumulating through several years, more than \$3,000,000,000 excess of exports in 1918 and over \$4,000,000,000 in 1919, still apparently unsettled; the balance of current trade, exports from this country continuing largely to exceed imports; the heavy present and prospective demand from Europe for our commodities without ready means of paying for them; and the financial problems internally confronting European governments, including their tremendous domestic indebtedness and a redundant and inconvertible money circulation. Let us inquire how far these several influences may explain the demoralization in exchange.

What effect has the \$10,000,000,000 indebtedness of Europe to the United States on current exchange rates? Obviously any payments on this debt, principal or interest, that would enter into and become a part of current international transactions would directly affect the exchanges. But the mere existence of the debt could have no such influence. Prior to the war the United States and its citizens owed Europe many billions of dollars, but that did not influence the exchange rate except at the time interest payments were being made or changes were occurring in the principal. Perhaps in the long run the mere knowledge that this huge debt exists and that sooner or later payments of interest and principal must be made might exert some psychological influence, but as an immediate and direct factor in the exchanges we may dismiss the \$10,000,000,000 standing debt as negligible.

How about the billions of trade balance apparently carried over from the excess of exports of recent years? Let us see how this must have worked. Suppose a house in London should desire to import \$100,000 merchandise from the United States. It might go to its bank in London and purchase a draft or credit on the United States for \$100,000, paying for it with its check drawn for so many pounds sterling at the rate of the day. The Banker would furnish the draft or credit against his cash balances on deposit in some American city. If necessary to add to his balances for the purpose the banker would buy a bill from some other banker or

merchant having funds on this side. But if the banker did not have the funds in America and was unable to procure them from others, he could not supply the draft or credit and the transaction could not be carried through. This demonstrates that whenever the London house does import goods from the United States it must be able to procure funds in America with which to pay for them, and therefore that every such transaction hitherto must have been thus covered. The case is not altered if the London house orders the American exporter to draw on London for the \$100,000 or its equivalent in sterling. The American banker who buys the bill on London must sell the equivalent simultaneously, otherwise he would become a speculator in the exchange market, a dangerous position when the rates are subject, as at present, to violent fluctuations. And what is thus true of the banker will apply to any one else and therefore the London funds representing the \$100,000 export would seek in the market some final purchaser who had transactions of his own—the import of something—which would enable him to utilize London exchange. There has never been a time when, at some rate, such purchaser could not be found. In every instance therefore the London funds arising from our exports to Great Britain must be offset in some manner and consequently the whole balance of the visible trade, large as the excess of exports appears to be, must be and must have been offset by something, presumably by what are known as the invisible imports. The existence of these invisible items is, of course, well known, although their volume can only be conjectured. They consist mainly of amounts earned by foreign companies doing business in the United States; freights earned by foreign ships transporting American goods; expenses of American armies, officials and tourists, traveling or located abroad, remittances to other countries made by foreign born residents of the United States and by benevolent associations and individuals to people in war-stricken districts; European securities newly placed in this country; and the continued stream still pouring into this country of American investment securities and those of non-belligerent countries, until now held in Europe. These items, although the list is not complete, must account for the absorption of the balance of visible trade. The only other explanation could be that the balance still remains unsettled in the hands of individual banks and exporters who have allowed their funds to accumulate in Europe with the expectation of profit-

ing later by an improved rate of exchange. Such cases exist and there are also instances, as in continental Europe and in Siberia, where certain credits were opened which have not yet been settled in American funds. Although the aggregate amount of all these is not accurately known, there is some information available and this indicates that the total cannot well exceed \$150,000,000 to \$200,000,000. But even if we should double this estimate it would not constitute any significant portion of the \$4,000,000,000 balance of visible trade for 1919 alone. Therefore, it must be substantially true that the invisible trade has offset the huge balance of the visible trade, so that the latter cannot remain unsettled, to threaten the exchange market and so to account for the disorder of the exchange rate situation.

However, if we have dismissed the \$10,000,000,000 indebtedness of Europe to this country and also any unsettled balances of former trade from responsibility for exchange aberrations, we must still explain the apparent fact that the supply of foreign bills arising from our current exports and continuously offered on the market does depress the rate, for it is self-evident that in the exchange market as elsewhere the laws of supply and demand must govern. Undoubtedly this supply of bills does influence the current rate but only in an immediate sense and to a comparatively small degree. We should perhaps be on the track of the true explanation of the extreme decline in the exchanges if we take into account the effect of these offerings of bills on the price level abroad. If the \$100,000 export of goods to England is effected at the rate of \$4.00 per pound sterling the British purchaser will have to pay £25,000, but if at \$3.00 per pound, he must pay £33,333. Our exporter will receive for his shipments the domestic price in gold dollars while the purchaser must pay in the currency of his country whatever sum the exchange rate makes the bill amount to. In other words, the European importer is paying our gold price with a depreciated currency, that is to say, he is offering his depreciated money in exchange for merchandise on a gold basis, and it is the extent of this depreciation that chiefly determines the discount on the exchange rate. Therefore it is not the supply of bills that mainly depresses the exchange rate in exporting to a country on an inconvertible paper basis but the depreciation of that inconvertible paper. Exchange on Germany we have seen fall to a dis-

count of more than 90% without the offering of any important amount of bills representing exports to that country.

This theory is stated by Professor Taussig as follows:

"Where inconvertible paper money has displaced specie, and where higher prices and a premium on gold have ensued, there are again two sets of influences on the foreign exchanges, the ordinary shifts in the balance of payments due to exports and imports and the depreciation of the paper. During the period of paper money in the United States from 1862 to 1879, bills of exchange on London sold in New York at a price determined mainly by the price of gold in our paper money. A bill on London was the equivalent of gold. When exports were comparatively heavy, London exchange sold at a premium less than equivalent to the current premium; when imports were comparatively heavy, London exchange sold at a premium more than equivalent. Of the causes of fluctuations in foreign exchange under such conditions, those that root in the domestic gold premium are usually more important than those that affect the price of exchange considered by itself; because the limits of fluctuation in exchange proper are narrow, while those of the specie premium are potentially wide."

Mr. John Stuart Mill says:

"A depreciation of the currency does not affect the foreign trade of the country. * * * But though the trade is not affected, the exchanges are. * * * If the currency is depreciated 10, 15 or 20% then in whatever way the real exchange, arising from the variations of international debts and credits, may vary, the quoted exchange will always differ 10, 15 or 20% from it."

This is exactly what we see in operation to-day and must constitute the true explanation of the main depreciation in exchange rates.

We should therefore expect to find that the actual quotations would show the depreciation in exchange to be substantially the same as the depreciation in the inconvertible British pound, and such is indeed the case. The following table gives the premium

on gold in London since last October reduced to the equivalent discount on British currency, and also the rate of sterling exchange in New York on the same days reduced to the equivalent discount on the par of exchange. These two discounts in all cases closely correspond, indicating the relationship between them. To the extent that they do correspond, the fall in exchange is evidently due to the depreciation in the currency, while such petty differences as exist between the two discounts are to be attributed to the balance of trade arising from current exports and imports. The table demonstrates that the currency depreciation accounts for

Date.	Price of Gold in London Per Fine Ounce.	Equivalent to Percentage on British Currency in Terms of Gold Bullion.	Sterling Exchange Rate in New York.	Equivalent to Percentage of Discount on Sterling Exchange in Terms of U. S. Dollars.	Percentage of Discount Apparently Due to Inconvertible Currency.	Percentage of Discount Apparently Due to Balance of Trade.
1919						
Oct. 18	99 shillings	14.32%	\$4.15	\$14.72	14.32%	0.40% discount,
Nov. 13	100	15.18	4.13	15.13	15.18	0.05 premium
" 25	103	17.65	5.05	16.77	17.65	0.88
" 27	103	17.65	4.03	17.16	17.65	0.49
Dec. 2	107	20.73	3.96	18.62	20.73	2.11
" 4	107	20.73	3.93	19.24	20.73	1.49
" 9	107/10	21.44	3.85	20.88	21.44	0.56
" 11	109/7	22.59	3.70	23.97	22.59	1.38 discount
" 18	107/7	21.15	3.80	21.91	21.15	0.76
" 23	109	22.18	3.83	21.29	22.18	0.89 premium
" 30	109	22.18	3.79	22.12	22.18	0.06
1920						
Jan. 8	110	22.89	3.75	22.94	22.89	0.05 discount
" 15	110/8	23.34	3.70	23.90	23.34	0.63
" 22	114/6	25.92	3.60	26.02	25.92	0.10
" 29	117/6	27.81	3.55	27.46	27.81	0.35 premium
" 31	117	27.50	3.50	27.92	27.50	0.42 discount
Feb. 2	117/6	27.81	3.49	28.28	27.81	0.47
" 4	125/9	32.55	3.20	34.24	32.55	1.69
" 5	127/4	33.39	3.25	33.11	33.39	0.28 premium
" 9	123/6	31.32	3.36	30.80	31.32	0.52
" 10	123	31.04	3.35 ³ / ₄	31.00	31.04	0.04
" 19	121	29.90	3.42	29.72	29.90	0.18
" 20	119/6	29.02	3.48 ¹ / ₂	28.38	29.02	0.64
" 24	122	30.47	3.38 ¹ / ₂	30.44	30.47	0.03
" 27	122/4	30.66	3.38	30.44	30.66	0.22
Mar. 1	121/6	30.18	3.43	29.50	30.18	0.66
" 3	120	29.31	3.44 ³ / ₈	29.23	29.31	0.08
" 4	119	28.72	3.49	28.28	28.72	0.44
" 9	114/6	25.92	3.62 ¹ / ₂	25.51	25.92	0.41
" 11	107/2	20.85	3.78	22.32	20.85	1.47 discount
" 16	111/6	23.92	3.72	23.55	23.92	0.37 premium

nearly the whole of the discount in the exchange rate, the balance of trade causing comparatively trifling fluctuations, small premiums as well as discounts.

Inconvertible currency therefore furnishes the true reason for the main depreciation in the exchange rates; and this suggests two things. First, how important it is for a country to remain on a gold basis if it is at all possible to do so. We have recently heard doubts expressed of the advisability of the United States continuing to permit exports of gold. On this subject we cannot do better than quote from a recent issue of Monthly Letter of the National City Bank, New York, which wisely makes the following comments: "When conditions develop which render it impossible for a country to meet its obligations, it must perforce make the best of it, but the countries which have been obliged to suspend gold payments regret the fact and wish to resume as soon as possible. * * * The gold which is leaving the United States all goes to pay our debts and pays them upon the most favorable terms possible. * * * We enjoy the advantage to-day of making our purchases from the whole world on a gold basis, whether we are actually shipping gold to make particular purchases or not, while if we go off the gold basis, we will pay the premium not merely on the trade balance to a few countries but upon the entire volume of purchases from them and our purchases even in other countries will be more or less affected."

The second inference to be drawn from the exchange situation is that since the rates follow the currency depreciation and are determined by it, the readjustment of the exchanges is necessarily a domestic responsibility resting on the country suffering from the inconvertible currency. Rehabilitation of the currency can be secured only by measures to be adopted by the country affected, aided by economic forces of recuperation and what we foreigners may do or think has little bearing on the subject, although it is true some cooperation would be possible through making a credit arrangement which would postpone cash or import settlements and so have the effect of spreading the efforts required over a longer period of time. We may add that in some cases, of which England is one, we may assume that the currency question has been handled so far with much prudence and skill and, considering the drains of war, the fact that the depreciation has not become far greater reflects credit upon the financiers of the country.

The difficulties brought about through Europe's need for our commodities combined with her present or threatened inability to furnish goods in sufficient volume for exchange have given rise to suggestions that we should extend to Europe some form of long-term credit. On our side this would result in stimulating our exports; on their side, it would increase the volume of commodities in their possession, tending to a fall in prices, which would amount to an increase in the value of their circulation, and therefore constitute a step forward in the rehabilitation of their currency. These are very important ends but who would it be that would furnish the money? Our exporters must needs be paid in cash for their commodities; they could not accept securities because their labor and materials require cash, nor could other business men for the same reason. The only people who could purchase the securities would be our investing classes. Leaving out our wealthy men who would be precluded from investing because of heavy taxation, our investing classes consist mainly of widows, orphans, estates, thrifty wage earners, and institutions acting for them, like Savings Banks, Life Insurance and Trust companies. The desiderata here are that the security shall be absolutely safe, certain to meet interest payments promptly, and reasonably convertible in the market. Just as our exporters cannot accept bonds, these investors cannot lay out their money for the purpose of promoting trade. The appeal must be based upon the intrinsic qualities of the investment as such and the approach would best be made through our Investment Bankers and Bond Houses, whose clients, taken together, mainly constitute the investors of the United States. Corporations formed under the Edge Act for this purpose may also prove to be efficient to this end.

It may be remarked, that if these measures should prove successful so that any large amount of credit would be placed, the effect upon our markets might be to increase our inflation by enlarging the volume of securities while diminishing the volume of commodities. However, our domestic needs for capital, notably for the use of the railroads, would compete for such funds and possess the advantage of offering securities of a type already well known. Furthermore the investment fund itself will necessarily be reduced for the time being whenever the inevitable contraction follows present condition in the United States. These considerations may warn us that encouragement to our foreign trade, how-

ever desirable, may not be found in any substantial measure from sources outside our exporters and importers themselves. In fact we seem to be thrown back upon the old economic maxim, that exports can best be promoted by stimulating imports, and this in turn coincides with Europe's real need to produce and export as a means of fundamental rehabilitation. In the long run, foreign nations can pay us for our exports only by sending us goods, whether to-day, or through some new loan or credit arrangement, to-morrow.

This analysis may be summed up as follows:

1. In its bearing on our foreign trade the international financial situation centers itself in the exchange rates.

2. The aberrations in these rates are not due to the heavy indebtedness of Europe to the United States, nor to any unsettled trade balances carried over from former years, and to a very small extent only to the current excess of exports of to-day. They are mainly determined by the depreciation of an inconvertible paper circulation abroad.

3. This argues the importance to a country that it remain on a gold basis if at all possible, with special application of this principle to ourselves in the United States.

4. It also suggests that the demoralization in exchanges, being determined by the depreciated currency abroad, can only be remedied through rehabilitation of that currency and this is necessarily a domestic matter for the nation suffering from such inconvertible circulation.

5. Long-term loans from citizens of the United States to Europe would give an immediate stimulus to our exports and make it easier for Europe through spreading the payments for needed commodities over a longer period of time. But such loans could not be absorbed by our exporters nor by other business men, but only by the investing classes whose purchase of securities is and must be based upon safety and marketability, not on any trade considerations. In order to be marketed successfully foreign securities would have to meet the requirements of such investors and would then be obliged to compete with a heavy domestic demand for capital, notably on the part of our railroads.

6. This seems to leave our foreign trade in the position described by the economists, where our exports can best be stimulated through encouraging imports. (Applause.)

PRESIDENT JOHNSON: The final address of this morning's

session will be upon the subject of "Foreign Exchange" by Fred I. Kent, Vice-President of the Bankers' Trust Company, New York City. Mr. Kent was attached to the United States Treasury Department during the war and later was a member of the Organization Committee of the Reparations Commission. He is now a member of the Financial Committee of the Reparations Commission. He has long been known as an authority upon international exchange and for more than a year has been in Europe studying at close range the problems of financial reconstruction. Few men have had a closer insight into the European economic situation. Mr. Kent. (Applause.)

FOREIGN EXCHANGE.

BY FRED I. KENT

Vice-President, Bankers' Trust Company

From the first part of July, 1919, until the latter part of April, 1920, my time has been spent in the countries of Western Europe, and a part of my duty has been the study of after-war conditions as they exist in that part of the world in connection with government, industry and finance. There are too many important phases of the situation to enable one in a short address to cover them all, even in a general way, and I have, therefore, confined myself to those things which from my opportunities of observation seemed to have the strongest influence on the unfortunate world condition of the moment. Even on such a basis I have found it impossible to attempt to portray any of the hundreds of most interesting instances of detail which came to my attention and that served to prove to my mind the general propositions which I will lay before you.

The close of the World's War of 1914, in November 1918, left the warring nations, and all of the neutrals, with some of the greatest problems that have ever come before mankind to settle. Since the signing of the armistice and the delay in the consummation of a real peace, the solution of these problems has become more and more difficult, until now in the spring of 1920 a crucial period in the world's history has developed. The strain of war has affected the mentality of many peoples, in that irritableness and

mental inertia have taken the place of initiative, and the power of democratic government to exercise its functions for the common good has been largely destroyed, and in many countries moral laws of all kinds are being ignored, and integrity of purpose has been terribly shaken. A part of this development was natural to the strain of war, but the greatest harm as an after-effect of war has come about because of the poisoning of men's minds by those who would destroy the rights of others, but which they claim for themselves, in order to accomplish their own selfish ends. Governments have been permeated with these evil forces to such an extent that in connection with the mental fatigue of those in control, it has resulted in an entire lack of consideration of the rights of the majority as against the demands of a misled minority. As a result there has developed the most chaotic condition the world has ever seen in government, in economics and in industry.

Russia became the center of distribution of a most vicious poison, certain, if no antidote is found, to bring suffering and misery to the whole world. The currents from this poison bed are flowing through all civilized countries, and what has been a hell on earth at the fountain head has become a Utopian dream as fatuously explained by the emissaries and hirelings of those in control of this huge sore spot on the earth's surface. The inevitable misery which follows war is being used as a means to lead the multitude toward greater suffering and degradation, and their present state of mental delirium instead of being allowed to calm down is being fanned into greater flame. The nations must one and all take heed of this danger, for none is invulnerable to its effect. The taking of human life, which is a part of the game of war, and the destruction and confiscation of the rights and property of others, which is also a part of war, have been participated in either directly or indirectly by such a large proportion of the world's population that all normal human values have been lost. It would at first thought seem as though all peoples would so recoil from the horrors of war after the experience of the last five years that they would gladly make large temporary sacrifices to enable the resumption of peaceful conditions. The vast majority of individuals undoubtedly do have this feeling, but in view of their strained mental condition, the few turbulent ones who think they can see in chaotic conditions better opportunities for themselves have been able to successfully spread their poison.

Unfortunately the laboring man, because of his numbers and the fact that large bodies of this class are aliens in the countries where they labor, and can, therefore, be easily influenced sentimentally if approached by representatives of their own people, is being used as the means to the chaotic end desired. It has not yet occurred to the average laboring man that when another labor body strikes under present conditions, it is increasing his own cost of living, exactly as it increases the cost of living of other laboring men when he strikes. In other words, the whole labor world to-day is actually fighting the interests of every individual laborer. The so-called radicals, seeing how easy it has been to get men to strike regardless of any contracts that may have been in force, and not having in mind the general good, encourage men to strike, and then strike again, and then with the utmost inconsistency calmly object to the right of those whose costs have been raised to incorporating such costs in their own charges. If the carpenter and the plumber and the factory hand raise the costs to the farmer of keeping his house and farm tools in order, the farmer must receive more for his produce in order to meet such costs. If, instead of the farmer and the laborers who supply his wants each charging the other indirectly 100% for their service, they each charge 200%, neither will be better off, but the burden of the world will be that much greater. This is clearly seen in the great strain on bank credit which exists in the United States today. A manufacturer who before the war had to borrow \$100,000 to carry him from the time of purchase of his raw material until the turn-over of his finished product is now obliged to borrow a very much larger sum to handle the same production. Adding together all such increased borrowings in the country, we find it necessary for our banking system as a whole to carry a much greater total reserve than was true in normal times, and an element of danger is introduced into all industrial financing that requires most watchful care on the part of all concerned in order to prevent a serious condition from arising. The difficulties surrounding the control of such developments are so great that only the laws of supply and demand should be allowed to regulate them, except as man can through readjustment of conditions from day to day make for greater comfort and happiness to all.

One of the great lessons taught by the war is the fact that government cannot operate economically and with efficiency, and

that the value of government and its only duty during times of peace lies in the regulation of the activities of its people in such manner as to leave the greatest amount of freedom to individuals, and at the same time protect the interests of all its people. Where the wills of different individuals, or of combinations of individuals, clash in such manner that only one can prevail, government by means of laws intended to operate for the greatest good of the community as a whole determines which will can be exercised. While man-made laws carry much of error, yet this is the principle upon which government is founded. Unfortunately the word "government" has a most hypnotic influence on the mind of man, and almost without exception the feeling exists that government can accomplish the impossible. Today we have hundreds of thousands of individuals throughout the world decrying government because it is supposed to have too much power, who are at the same time trying to give government more power than it already has. The movement in various countries for the nationalization of resources and of industry is nothing more nor less than an attempt to increase the powers of government in such manner that the weaknesses of government which are being exposed are to be given opportunities to multiply almost beyond the power of imagination. Incorporated in the high cost of living to-day in every country is governmental waste that is carried in every form of governmental operation. In the United States we have a veritable maelstrom of governmental commissions, City, State and National, the majority of which represent nothing but a tax on the community. The war waste, due to governmental inefficiency, was probably many times the amount of actual destruction upon the battlefields. Even so, and although this fact is appreciated throughout the civilized world, yet men are striving with all the power of oratory that they can command to develop a system under which the same opportunity for waste will exist in time of peace as in time of war. It is one of the great inconsistencies of human nature that is hard to understand, but that undoubtedly carries its force in the mystery of the word "government," together with the fact that the direct advocates of government operation hope that if their endeavors to bring it about are successful they may work their way into governmental positions of importance.

The professional agitator is probably at the moment the worst enemy the world has, and the rights of all individuals, labor and

capital alike, demand that he be suppressed when his teachings are those of dishonesty and discord. Such suppression need not interfere in the least with the honest effort of true leaders of labor to better the condition of themselves and their fellows. The harm which misguided labor has done to the world since the armistice is impossible to estimate. It has caused, and is causing untold suffering on the part of millions of people. One of the greatest boons to man, that of satisfaction in work well done, has been taken from that part of labor which has accepted the doctrines of the false agitators. The hours spent in work, which constitute a large portion of the time that man is awake, instead of being filled with the satisfaction of accomplishment, as they should, breed discontent and mental chaos. As a natural result of such mental attitude, happiness to the individual is impossible, and in striving for it, he naturally takes to those things which cause temporary exhilaration, but carry in their wake degeneration and mental hell. Thus we see in Russia a state where murder, loot and immorality have been the order of the day, and no force existed which could give to man the slightest satisfaction in living. Existence even, in such a world, is worse than death. The confiscation of property, which is desired by the world's false prophets of the day, would be a small thing compared to the stealing of the world's happiness that is being carried on in all of the vicious propaganda now being distributed in all countries, civilized and uncivilized. In addition to the funds which these professional agitators receive from stolen property in Russia, and the proceeds of ruble notes which have been printed by the billion and sold to the poor throughout the world as being a good speculation, there is the hope that if revolution and disorder can be developed, opportunities for loot will be so great that they can enrich themselves sufficiently to be able to spend the rest of their lives in one vast orgy. It is such a scheme, carried out with a vastness only possible because of the immense amount of wealth that has been stolen in Russia, that is being camouflaged as a plan intended to benefit labor. In view of the strain of the times, it is no wonder that multitudes have been fooled by this propaganda. As soon as the audiences being addressed by these agitators realize this situation, a turn will come in the world's affairs, and things will begin to move forward toward a more orderly condition. The workman will again begin to be able to take pleasure and satisfaction in accomplishment, which is

certain to be reflected in greater efficiency, which will mean an increased production in all things necessary for the comfort and happiness of humanity.

Another great drawback to the world's progress, but which is also largely the result of the work of the agitators already mentioned, lies in the feeling on the part of many labor leaders, which unfortunately, because it makes it harder to combat, is an honest opinion, that limitation of output is of value to the laboring man. It is inconceivable how any one can believe for a moment that if there are not enough articles of certain kinds to go around in the world, so that every one who desires or requires them can have them, that reducing the output is going to better the situation. If the farmers should be imbued with this idea, and should cut down their production of food, it would probably not take long for those who believe in limited output to begin to see why they were hungry, but when things are being manufactured that go into the life of the individuals who are engaged in their production in a more indirect way, it seems harder to follow. Without any intention on the part of the farmer to reduce his production there is grave doubt as to whether he is going to be able to maintain it, as the call upon men to the cities because of the payment of abnormal wages is stripping the farms of their labor. Fear of possible famine on this account has found expression in parts of Europe from radical industrialists in demands that the farmer be forced to work under the will of the labor bodies. Just how this would increase the production, however, has not been explained.

Another most unfortunate phase of the situation is the fact that just at this time labor leaders should see fit to induce their men to strike for shorter hours. With the world moving forward in an orderly manner, the shortening of the hours of labor from time to time, as greater efficiency in production can be developed, so that the things the world requires for the comfort and happiness of the people can be produced in sufficient number to meet the demand, is to be desired. Under present conditions, however, it is most harmful, and is partly the cause of the continued difficulties which exist at the moment.

The world situation as a whole can be better seen when applied to an individual. Suppose, for instance, a man with a family of dependents lives upon a solitary island, entirely separated from

any connection with other human lives. By working nine hours a day for six days a week he is able to keep his house in order and his family sheltered, to produce and obtain sufficient food, including the storage of those things which are required during the winter season, and to keep his wife supplied with sufficient materials to enable her to clothe the family in such manner as is necessary to preserve them from the rigors of the climate. A severe storm falls upon the island and destroys part of the supplies which have been stored, and opens up cracks in various parts of such home as may have been prepared in which the family lives. After the storm is over the man says to himself, "I have been working nine hours a day, which is too much, as the world owes me a living, and from now on I am only going to work six hours a day," and he proceeds to put this rule into effect. As a result he cannot keep his habitation in order, and his family is subjected to untold discomforts during times of bad weather, and such meager stores as were left grow less and less as his daily production does not meet the requirements of his family and himself, and offers no opportunity to provide for either periods of emergency or for the unproductive seasons. In his heart the man knows that he is wrong, which not only prevents the extra three hours a day during which he does not work from giving him any satisfaction, but that affects his mentality in such manner that his efficiency during the six hours that he does work is seriously curtailed. This situation can last only until the supplies in storage have been exhausted. Then regardless of whether the man thinks that the world owes him a living, he will of necessity be forced to return not to nine hours a day, but to ten hours or possibly eleven or twelve hours or more, and at the same time he and his family will have had many days of suffering, and should the season of non-production fall upon them before provision has been made for it, a hopeless condition might develop. The world to-day is in exactly the same position as would be true with a family under such circumstances. A frightful storm has passed over the earth. The destruction has been too great for the mind of man to comprehend. Millions of people are merely existing, and instead of an increase in industrial activity and effort being made to restore the untold losses, the labor world has been partly standing idly by listening to the mouthings of consciousnessless agitators who are throwing the dust of envy and hatred into the eyes of the people while

leading them toward the abyss of anarchy and chaos, and human misery. Advantage is being taken of the necessity of mankind to withhold its needs except at a price which cannot be paid, because those who are withholding are themselves in large measure the consumers. A hungry mob in its unreasonable wrath will destroy the food which it craves, and it is upon this well known fact that the agitator relies for his success. He does not consider himself one of the mob, but as the leader, who during the fury may, through the looting of the savings of others, so line his pockets that after the whirlwind has passed he can live a life of ease.

The Bolsheviki, after a period of murder and disorder unprecedented in the world, have learned that life cannot continue without production. Labor instead of being free has been organized into working armies, and the individual who refuses to work is forced to join the fighting army. The hours of labor have been increased to twelve hours a day in many lines. The individual laboring man as such has no rights of any kind and no opportunity to exercise his desires or opinions, whatever they may be. Those who pretend to be the leaders of labor rule with an iron hand, which is covered with blood, and yet through misrepresentation labor is being fooled into believing that such a régime will reduce their hours of labor and give them a greater return in the comforts and conveniences of life, whereas all that is before them if they persist on their way is misery and starvation. In many countries of Europe chaos reigns to such an extent that all life is disordered. With the dense populations which exist in such countries the waste, due to disorder, even without strikes, makes it impossible for people to have proper food and living conditions. Added to such waste are the millions upon millions of hours of labor which have been and are being lost through strikes. With the world in its present condition, every day's work that is lost through strikes is actually causing hardship to all labor. When the coal miners in England stopped production they increased the difficulties of life to millions of other laborers throughout the world. The same was true when the coal miners in America struck, and again when those in Belgium, France and Germany stopped work. These strikes have prevented other laborers from being able to produce, which has resulted in decreasing the production of the world and further increasing prices. Strikes in connection with transportation of goods have had exactly the same effect, and have resulted in great destruc-

tion of foodstuffs which have been required by many peoples. Every time that a large body of laboring men who are producing or helping in the transportation of the things the world needs stops work, their strike is not against capital but against other labor, and all labor suffers by it. In fact, labor is the principal sufferer.

For the greater protection of the laboring man, as well as of the public, every strike vote which if carried in the affirmative would result in causing inconvenience and suffering to the people should be carried on under the supervision of government representatives and by secret ballot. In many nations throughout the world today the rowdy element, which is controlled by the agitator, is in position to force the man of family through fear to vote as he may wish. As a result many votes for strikes have been given where the men voting have known that they were wrong and have voted through fear for themselves or their families. As an absolutely secret ballot would be a protection to the laboring man, and as from the standpoint of fairness and right no one could take exception to such a system, there would seem no reason why it should not be adopted. Any one who might oppose the idea would in doing so practically admit that a fair ballot was not desired, but that coercion was a part of the plan. While from the standpoint of cost it would mean a small increase in government expenditure, yet such increase would not represent an appreciable fractional part of the losses to the community represented through the hours of human endeavor which are wasted because of strikes. Until a way is found to settle labor disputes without strikes, strike voting should be carried on under government supervision and by secret ballot. The waste of the world from strikes since the armistice, which has hurt all labor more than any one else, is undoubtedly nearly as great as the war waste would have been during the same period, taken together with the inefficiency of many important foreign labor bodies which have been committing sabotage while at work.

Leaving these phases of the situation for a moment, we will consider the technical results of their existence.

Ever since the armistice men of many nations have been seeking for a plan which it was hoped when put into operation might result in re-establishing normal industrial and trade conditions. The dearth of any practical result from the search so undertaken

is due largely to the fact that all eyes have been fixed on effects rather than causes.

For instance, the question of the foreign exchanges has been one of the most written and talked about. Suggestions have been made in speeches and in writings as to the need of bringing back the exchanges to par or of stabilizing them at some fixed points. Plans without number have been brought forward that the originators have felt might bring the desired result, but they have all been impossible, and if any of them had been successful they would have defeated the ends desired. The reason lies in the fact that the foreign exchanges are an effect and not a cause. They can neither be stabilized nor brought back to par unless the conditions which brought them about can be remedied or nullified.

When the British Government during the war stabilized Sterling exchange in New York at 4.70 to the £, it was able to do so only because it was in position to purchase all Sterling exchange that was in the market at 4.70 a £, which could not be absorbed by commerce or other requirements for Sterling, and at the same time was able to sell Sterling exchange on such days as the demand happened to exceed the supply when the rate naturally might have gone above 4.70 to the £.

Any of the foreign exchanges today could be stabilized in the same manner and at any fixed rate, par or other point, that might be determined upon, provided any government which desired to accomplish such a result with its exchange on any country or series of countries was in position to obtain the foreign monies necessary to take up any surplus exchange which might be offered, and could in effect sell their own exchange in the foreign markets when required. If, as between any European country and the United States for instance, the European government should determine to stabilize its exchange and, for the sake of illustration, no other countries were involved, it could be done provided such European country could export to the United States values equal to the imports from the United States, accepting for the moment the thought that exports and imports cover capital as well as commodities. If instead of such country being able to find an equivalent value of its imports from the United States for export to the United States it could only find half of such value, it could still maintain the exchange at a fixed point for just as long a time as it could borrow the difference in the United States. Should the

European government continue to borrow in the United States every year for an extended period sufficient to make up half the total of its imports, each year it would be obliged to borrow more in the United States by the amount of interest which it had to pay on its loans in America. Of necessity, therefore, a time would come when the interest on the debt which the European government owed the United States would exceed the value of its exports to the United States. As soon as this point was reached, and taking it for granted for the sake of illustration that the exports and imports between this country and the United States ran in the same totals year in and year out, a situation of bankruptcy would have been developed as between such country and the United States, for after the interest which it had to pay exceeded the total value of its exports it could never pay the principal, even though it should stop all importations from the United States. Now if this country of necessity was obliged to import from the United States certain things amounting to a large proportion of its ability to export, its position of bankruptcy would be realized when the interest which it owed to the United States exceeded the difference between the value of its exports to the United States and its imports from the United States. Even, therefore, if such a country could borrow in the United States for a series of years a sufficient amount to offset the difference between its exports and imports and the interest which accrued, it would inevitably be approaching a time of bankruptcy when its imports from the United States would have to stop. Should a European government undertake such an operation there would be nothing to prevent her people from importing anything and everything from the United States that they might desire as long as the exchange was so stabilized, regardless of whether such things were needed or not. On the other side, there would be no particular incentive for its people to increase their exports to the United States, and the cause of the trouble would continue even though the effect, because of loans, was not noticeable in the exchange.

Under such conditions the operation as it would affect the United States would simply be one where those who purchased the European government securities would, in effect, be buying the commodities exported to such country from American manufacturers and producers, paying for them with dollars, but without having any use from them. Should the American Government make the

loans to the European government instead of individuals, the United States would be in a position where the tax payers were in effect buying goods from export manufacturers and producers which they never received. Regardless of the wealth of a country, an operation of this sort could only last for a limited time on the basis of our present European trade, and the waste to the United States would be equivalent to war waste in so far as reducing the wealth of the nation was concerned.

There is no question, therefore, but that the mere stabilization of the foreign exchanges as they exist today would be most harmful to the world and would only postpone the present difficulties until a later date when all chances of recovery would have passed. Any plan, therefore, aimed to correct the exchanges which does not correct the causes for their disorganization is almost certain to result in financial disaster.

We are, therefore, thrown back upon the causes for the condition of the exchanges, and the problem is seen to lie wholly in finding a means of eliminating such causes. Before we can do this, however, it is necessary to understand the causes. This is not difficult. For five years practically all production throughout nearly the entire world has been to meet the necessities of the people of the various countries concerned for existence, meaning prompt consumption, and then for purposes of war, also meaning for prompt consumption or destruction. In all of the neutral nations of Europe the depletion of goods ordinarily desired by the people has been as great as was true with the warring nations. This resulted from several causes, the two principal ones being the high prices which the necessity of those at war made them willing to pay for quick delivery, and the disorganization of the shipping of the world. So great were the forces brought to bear on all countries to supply material to be destroyed in the furnace of war that upkeep of housing, of transportation and of public service of all kinds was allowed to fall off until at the time of the armistice the world found itself completely disorganized, physically and economically. The high costs induced by war demand could not be reduced at once, as the ordinary requirements of labor and materials in time of peace were multiplied by the demand for reconstruction, and by the destruction of producing fields and factories which had taken place. Nearly every railroad in the civilized world needs to be brought up to date. The shipping of the world

is all out of order, there is not sufficient housing in any country of Europe to properly take care of the people, as comparatively no new construction has been undertaken since the war started, and land transportation throughout all Europe is in a frightful state of inefficiency impossible to realize by any one who has not actually been in the countries concerned. If at the moment of the armistice orderly government could have prevailed in all of the countries, and all men had turned to the work of re-establishing industries and restoring the physical deterioration that had been allowed to take place in all human construction, a year's time would have seen a tremendous improvement in all conditions necessary for the comfort of mankind. The high cost of living would also have reached and passed its maximum. The inflation in the currencies of the world which has taken place since the armistice would not have occurred, and the unnecessary circulation outstanding at the end of the war would have been reduced. Instead of such a situation developing after the armistice, exactly the opposite has been true. In no country has orderly government existed, although the degrees of disorder have run from that of a state of mind to that of actual murder and loot. Men have not returned to work with enthusiasm after the relief from the strain of war, but instead more millions of hours of labor have probably been lost than was true during the war. Every element of risk in all production and industry, because of the attitude of labor throughout the world, has been multiplied until the increased cost of all construction and reconstruction, due to the necessity of carrying what might be called insurance protection, has added its weight to the blockade of industry. In Europe no man can undertake any operation requiring labor and material with any certainty as to what it may cost him or as to the time that it will take for its completion.

It is not generally realized what a tremendous force such a situation exercises in holding back the world's progress and in continuing and adding to the high cost of living. The disorganization of the foreign exchanges was certain to follow such a condition, for the European nations were calling upon other parts of the world, and continental countries upon Great Britain, with every force that could be brought to bear for everything required or desired, and without sufficient production in their own countries to enable them to make payment. The fault has not been

with agricultural Europe, which has recovered wonderfully from the evil effects of the war, but with industrial Europe, which is seemingly more interested in striking than in the welfare of itself or the countries of which it is a part. Until there is a marked change in the attitude of European industrial labor, no lasting betterment in the foreign exchange situation can be expected. On the other hand, with labor working properly and continuously, the necessity for imports for local consumption would decrease, the power to export would increase, the taxing powers of governments would grow without injury to production, deflation would set in naturally and effectively, and the foreign exchanges would begin to right themselves. The huge credits that the world seems to require in order to restart the forces of industry in a proper manner would not be required if orderly production could again be established. Further, until integrity of purpose again becomes a part of the attitude of labor toward its work it is neither safe to grant credit nor would credit serve the purpose for which it is required. On the other hand, with integrity of purpose assured, there is sufficient credit in the world to finance all industry and transportation as fast as it can be resumed. At one of the most crucial times in the world's history, when the greatest activity of all mankind was required for the purpose of restoring livable conditions to humanity, enforced idleness through strikes and shorter hours of labor has prevailed to such an extent that the condition instead of bettering itself has steadily grown worse, as reflected in the continued higher costs of living.

As the extension of credit to meet all needs of the world on a satisfactory and honest working basis is extremely simple, the problem of the moment lies entirely in finding a way to re-establish such conditions.

There is one development that is taking place in Europe that has some elements in it which should be most helpful in restoring more orderly conditions. On March 15, 1930, Congress authorized the Grain Corporation to extend wheat credits to certain European countries, totaling in value about \$50,000,000. As the British Government had already authorized the expenditure by Great Britain of half of whatever sum America might advance for the purpose of aiding the restoration of Central Europe, this act of Congress automatically released \$25,000,000 in credits to be extended by Great Britain. A portion of this sum will be used by Great Britain

to furnish shipping to carry the wheat which the Grain Corporation is to supply. Encouraged by this example the neutral nations of Europe are interesting themselves, and a meeting was arranged which took place in Paris on April 21, which was attended by representatives of the neutral nations, as well as those of some of the Allies, for the purpose of ascertaining whether a combination could not be brought about under which advances could be made by their governments to some of the Central countries of Europe, the proceeds to be paid to the Nationals of the lending nations for such things as could be supplied from their respective countries that are required in Central Europe. Should the neutral nations determine to take part with the United States and Great Britain in the operations in question, which seems practically assured at the moment, it should have a very helpful influence in bringing about better industrial and economic conditions throughout Europe. While the credit advanced by the United States can only be used for flour, yet in the case of the other nations the intention is to supply raw materials as largely as possible, with the idea of giving those who need food something with which to pay for more food after they have consumed the supplies being furnished to meet the emergency. Merely shipping food to countries where their industries are lying idle through lack of raw materials accomplishes nothing except to delay the time when the real problem must be met. The organization which it is hoped may be made effective among the lending nations should have a tremendous power for good in guiding the whole situation, and it will be in position to extend such power as it may have not only to Austria, Poland and other surrounding countries, but later to Germany as well. In order to have the plan under consideration work out to the best world advantage, it is not alone necessary to bring about a changed situation in the Central countries of Europe, but it is also important that France be aided in the reconstruction of her devastated regions. It would be bad for the world, as well as for France, if Germany were able to profit through the deliberate destruction of French factories in time of war with the hope of thus being able to obtain the markets of the world for her own industries after the war and before France was able to recover. Should such a situation be allowed to develop, other nations in future wars might be tempted to undertake wanton destruction for a similar purpose. It is necessary, therefore, from the standpoint

of both justice and benefit to the world in general that while aid is being extended to the Central nations of Europe to prevent them from falling into a state of anarchy, and to help them begin the reconstruction of their industries, that effort be made to rebuild the destroyed factories of France.

The United States is directly and vitally interested in the whole of such development, as its future foreign trade is going to be seriously curtailed unless something is done quickly to correct present unsettled conditions.

Without going into statistics the situation can be clearly seen when it is realized that in one comparatively small town in France 35 cotton mills were destroyed, practically all of which manufactured goods from cotton imported from the United States.

If the plan contemplated develops, it is unquestionably going to be necessary for the people of the United States, not the government, to help France, as well as to take their part in the other operations intended. There is going to come a time, possibly soon, when loans of this character can be safely made by individual American investors. It will not be necessary to wait until industrial conditions have become normal, but only until such time as some positive tendency has been shown on the part of European peoples as a whole to begin to help themselves. Here and there in certain countries of Europe some change for the better is noticeable, and in two or three countries it is quite marked. In Belgium, for instance, although an eight-hour law has been put in force, many Belgian workmen after finishing their regular eight hours in one factory go to another factory and work for a further time. In France in spite of prevailing strikes there is a growing feeling among laboring men that radicalism is injuring their country and injuring themselves. Many British labor leaders are a little fearful that they may have gone too far, and common sense is beginning to appear in most unexpected quarters in many parts of Europe, all of which is a most hopeful sign.

Loans intended for the refunding of existing loans for the purpose of carrying them forward to a more opportune time for payment can also be made with benefit to all concerned as between America and the Allied nations, as well as loans which are only temporary and are to be met directly by exports from the borrowing countries. In the case of such loans as may be made to the devastated regions of France the situation is again one that has

its values, as the French factories when rebuilt would immediately add to the power of France to export. Some loans to European countries of a special character may also be required and advisable as time goes on, even though the extension of huge loans such as were undertaken during the war period should not be considered, at least until Europe has clearly shown that it has taken up its burden and intends to work out from under it. Then, and only then, could such loans do their full part toward enabling a repayment. As conditions exist today a large percentage of the proceeds of such loans would be certain to be wasted. On the other hand, if the sort of credits outlined are extended in a careful manner they should have a tendency to help in the restoration of a more orderly mental attitude, which is absolutely necessary before safe business in a large way can be undertaken.

In addition to the serious labor situation which is holding back the European nations, the unfortunate Treaty of Peace, which has resulted in great political differences, is also doing its part. As such political differences, however, have largely been brought about because of the labor conditions, it has seemed advisable to focus attention upon the latter. In doing so there has not been the slightest disposition to blame the individual laboring man as such. His problems have been extremely difficult, and to a certain extent he has been as helpless as all the rest of mankind to prevent the trend of things. Costs of living beyond his control have increased. Other labor has struck against him, and he has struck against other labor. In hundreds of thousands of individual cases he has been fairly carried off his feet by the force of circumstances and propaganda combined. Every laboring man who honestly does the share of his country's work allotted him, and every laboring man who endeavors in every honorable way to better his position in life, is entitled to the respect of the world. There is no question either but that the average intelligence of laboring men is developing marvelously, which in time, when it becomes better balanced, is going to serve a real purpose. Again, it is only natural that labor as a whole, having just found the power of its numbers, should have a tendency to abuse such power and endeavor to bring the nations of the earth to its feet unjustly. The whole situation constitutes a huge world movement, which must be studied openly if we would have a harmonious solution of the present discord.

In presenting the world's situation in this manner, it is done

entirely without malice toward any, but with the hope that it may lead to a better understanding of the problems that are before us, and result in their solution with the least amount of suffering to humanity.

There are only two ways in which this particular problem can be worked out. One is a continuation of the disintegration of the stability of government until through misery and exhaustion those who may survive realize that orderliness in human life and integrity of purpose are necessary to human existence. The other way is to so develop the viciousness of the propaganda of the hour that it can be made clear to the masses of men who are now being misled that their great interest and their only interest lies in co-operation, man with man, and a resumption of satisfaction in the successful accomplishment of whatever task one may have taken up to earn his living. It is to such an undertaking that we must dedicate a portion of our time and energy if we would do our full duty as citizens. It is not that we would be reactionaries or object to any change in society, methods of government or industry that would be better for mankind, but that we would put all the force of our lives in helping to make orderly progress and in blocking those who through ignorance or desire may be engaged in destructive instead of constructive methods. (Applause.)

PRESIDENT JOHNSON: The meeting will stand adjourned until 2:30 p. m.

ADJOURNMENT.

SECOND GENERAL SESSION

Wednesday, May 12, 2:30 P.M.

Civic Auditorium

The Convention was called to order by President Johnson at 2:30 p. m.

PRESIDENT JOHNSON: The afternoon session will please come to order.

Those of you who have had the privilege of reading for a number of years, as I have, the monthly circular of the National City Bank of New York, will realize in advance the treat which is in store for us in listening to an address by Mr. George E. Roberts, Vice-President of the National City Bank, upon "The Function of Imports in Our Foreign Trade." I have the great pleasure to present Mr. Roberts at this time. (Applause.)

THE FUNCTION OF IMPORTS IN OUR FOREIGN TRADE

By GEORGE E. ROBERTS

Vice-President, National City Bank of New York

Mr. Chairman, Ladies and Gentlemen: The addresses at this morning's session have indicated that interest in the discussions of this convention very naturally center in this question of imports.

The great War has brought about certain changes of a fundamental character affecting trade and financial relations between the United States and other countries, and those changes must be fully comprehended if we are to plan intelligently for the future. Our trade relations in the past have developed in harmony with our past position as a borrowing nation, a debtor nation on account of foreign investments. We were a new country of vast undeveloped resources, affording opportunity for cheap production of foodstuffs

and raw materials, of which the world and particularly the countries of Europe, were in need. Our population grew rapidly by immigration from Europe, and, in the earlier years of our development, from the countries of Europe most advanced in the arts of industry and in accumulations of capital. It was natural under these circumstances and with the development of steam power in transportation, that capital should flow freely from Europe to this country for investment; and the earnings of this capital, unless re-invested here, were a charge against us in the international exchanges. This situation existed not only in the early years of development, but up to the outbreak of the war. European holdings of our securities were largely increased in the period of expansion which began about 1900. During the ten years next preceding the outbreak of the War the average annual balance of trade in favor of the United States on merchandise account was approximately \$500,000,000, and it was practically offset by the balance in what has been called the invisible account—in other words, by interest and dividend payments upon American securities held abroad, charges of foreign shipping against our commerce, earnings of foreign insurance companies in this country, commissions of foreign bankers, expenditures of American tourists abroad, remittances of our foreign-born residents to relatives in the old countries, etc.

It is evident that the War has disturbed this old state of equilibrium. We have bought back most of the American securities which were held abroad and the interest and dividends upon them hereafter will remain at home. We are building a great fleet of merchant ships with the intention of carrying a larger portion of the overseas trade, and we have become creditors to Europe in a very large amount. Including the loans of the United States Government to the governments associated with it in the War, the balance in our favor upon interest account is doubtless considerably above \$500,000,000 per annum.

What effect will this shift of the balance of payments in the "invisible" account have upon our foreign trade? How many people have realized that there is a relationship between the two classes of payments, or that they have influence upon each other? And yet a moment's reflection will show that the payments and receipts of a country in international relations must balance in the aggregate. Nothing is given away. Eager as everybody is for trade, nobody wants to sell unless he receives in some form what he considers an

equivalent; and a country which is a debtor on capital account must not only pay for all the goods it imports but keep up its interest payments besides. It follows, therefore, that a borrowing country normally exports more commodities than it imports and that a lending country normally imports more than it exports. "Normally" in this case means "in the long run" and without taking account of new lending operations.

In the past it was necessary for the United States to have a trade balance of approximately \$500,000,000 per year in order to pay the charges accruing against it abroad; but in the future it will be necessary for the United States to receive a balance of perhaps an equal amount in order to collect the interest running in its favor and against other countries.

This may sound to some people like a startling and even alarming change. Our own history has accustomed us to thinking that we must have a trade balance in our favor in order to be in a sound and prosperous condition, but that was true because we were in a debtor position. We had to have an excess of exports over imports sufficient to meet the other charges in the account against us, or we had to settle the difference in gold or securities, and if gold was withdrawn from our bank reserves for the purpose it meant a contraction of credit, a check to enterprise and probably a period of falling prices and business depression. Our belief in the necessity for a favorable trade balance has been based upon our own experience that good times came with the trade balance and that bad times came when the balance turned against us; but we must now consider that our position is reversed, that our own requirements are reversed, and that the countries which are now debtor to us need to have the favorable trade balance for the same reason that we formerly required it. It is in the interest of both sides that the debtor country shall have the favorable trade balance, because that is the only condition under which it can meet its obligations.

As between individuals there are only three ways in which a settlement can be made. You pay in cash, or you pay in trade, or you give your note, which of course is not a final settlement, but a postponement to a more convenient time. As between nations the situation is just the same. You pay in gold, which is the cash of international transactions; or you pay in trade; or you pay in securities which are evidence of continuing obligations. Now, we know that foreign countries will not be able to pay us in gold, for

the total production of gold in the world outside of the United States is less than \$400,000,000 per year; and even if the debtor countries were able to send us considerable sums in gold, the effect would be to cause a further inflation of prices in this country, which would be to our disadvantage in foreign trade and an injury to us at home. It would be idle and unintelligent for us to meet in conventions and plan to build up a great export trade expecting to collect the proceeds in gold.

We have done too much of this in the past. We have given all our thought to exports, to selling our products in other countries, without considering how the foreign customers we are seeking will be able to make payments for their purchases. That problem is just as much ours as theirs, for they cannot solve it without our help, and they cannot buy unless they are able to render reciprocal services to us.

In normal times an exporter gives little attention to how a foreign purchaser will make payment. He turns his foreign drafts over to his banker and gets credit for them, with scarcely a thought as to the means by which these drafts are settled. He doesn't realize that they are paid with the proceeds of foreign products coming into the country. The services of the banker relieve him of the necessity of personally arranging the barter of his goods in foreign markets, but fundamentally trade is barter and it must be thought of as such to understand it.

Nothing but the disorganized state of industry in Europe and the pressing necessities of the world enables our exports to continue as at present. They buy of us because there is no alternative. But the world will not remain forever in its present state. Gradually order will be restored, production will be resumed and business will get back to a competitive basis. We must consider what our position will be when that time comes.

We have been accustomed to say that the exchanges are in our favor when the dollar rates above the other currencies. They are in our favor in the sense that for the moment we are selling more than we are buying, and that the dollar holds the commanding position in the markets of the world. They are in our favor for buying purposes; they are in our favor for importing purposes, but they are not in our favor for selling purposes. Dollar drafts at a premium mean that American goods cost more to foreign customers;

a premium upon dollar exchange is an obstacle to our export trade which we will be compelled to reckon with.

The case of our neighbor, Canada, affords an opportunity to study the effects of an unbalanced trade, and to observe the influences which naturally come into play to restore the balance. The balance in favor of the United States in trade with Canada in three years has averaged over \$300,000,000 per year. If the total of all payments running each way were the same, the drafts drawn in each country on the other would meet in the clearing houses and offset each other, and exchange would be at par. But with these heavy balances running against Canada there is need for Canadians to make greater payments in the United States than the credits created by their exports will cover.

Canada has favorable balances in her favor in trade with other countries, but those countries also are in debt to the United States, so that those balances cannot be used for settlement here. Under ordinary conditions, the Canadian banks would ship gold, but the total gold reserves of Canada are not much above \$200,000,000, and the reserves might be drained entirely away.

The situation is that there is a greater demand in Canada for means of making settlements in the United States than can be readily satisfied, with the result that exchange has been forced to a premium. In the fall of 1918 the premium was about 2 per cent, in the spring of 1919 it was about 3 per cent, in the early fall of 1919 it was 4 per cent, in November it was 5 per cent; in January, 1920, it was 10 per cent and in February it was 15 per cent. This premium is not fixed in the United States; it results from competition in Canada for the means of payment in the United States. It is not a reflection upon the credit of Canadian traders; the Canadian purchaser may have ample funds with his own bankers to make the payments. It is not a reflection upon Canadian bankers or Canadian money. Canadian Government credit is not involved at all. It is not a situation caused by bankers or that can be remedied by bankers. The situation arises from a state of one-sided trade, and from the difficulty under such conditions of making payments in another country and with a different currency.

The premium is an open offer to anyone who will come forward and provide means of payment in the United States. It amounts to an inducement in the nature of a bounty for Canadians to export products to the United States and sell the exchange thus created.

The Canadian paper and pulp manufacturers are making a handsome additional profit on their sales in the United States by selling their American drafts at a premium.

And while it encourages exports from Canada to this country it burdens and discourages exports from this country to Canada. The Canadian purchaser of American goods must pay the price in this country and then pay a premium of 10 or 15 per cent to obtain the means of payment.

Canada, among all countries, next to Great Britain, is the best customer for American goods, but the Canadians cannot buy without the means of paying. Our trade is being curtailed, partly by the added cost resulting from the exchange rates and partly by a deliberate policy. There is public agitation in Canada against any purchases in the United States except of goods that are indispensable, and there is talk of an embargo.

Our exporters are dealing with the situation as best they can. Some of them are dividing the cost of exchange with their Canadian customers, some of them are accepting pay in Canadian funds, and converting those funds into Canadian securities or other permanent investments on that side of the line, which is probably all right if they can spare the capital from their business. Others have abandoned the Canadian trade. All of the foregoing expedients are of only temporary value. If the balance continues to pile up, the exchange situation inevitably will grow worse. There is no stopping point until the balances cease to accumulate.

I use the case of Canada as an illustration because the situation there is clearly the result of an unbalanced trade. Exchange rates with some of the countries of Europe are affected by inflated and depreciated currencies; but while there is doubtless a degree of inflation in Canada, we cannot say there is any more than in the United States. The situation as to the two countries therefore affords a clear demonstration of the effect of a one-sided trade upon exchange rates and of the vital part which exchange rates play in foreign trade.

The plain truth is that if in our relations with the rest of the world the balance of payments runs continually in our favor, both on trade account and on interest account, exchange rates will rise against us as the balances increase, discouraging exports and encouraging imports, until the trade is brought substantially into balance.

Every situation like this brings a lot of people to the front with remedies. There are proposals for an international currency, an international gold reserve, an international clearing house, an international bank, and for a Government foreign bank on our own account. All of these proposals overlook the fundamental truth that trade is essentially barter and in the long run must settle itself. Gold is a convenient medium for settling balances which run one way for a few months and the other way for a few months; but international trade is on such a great scale that the amount of gold available for payments is small in comparison. There isn't gold enough in all Europe to pay its adverse trade balance with the United States last year. Moreover, no country will allow its banking reserves to be disturbed unduly. We ourselves would be as quick as any to establish an embargo if our gold reserves were seriously threatened. The plain fact is that in the nature of things trade must be kept on the basis of barter; it must be brought into balance, and high exchange rates are the natural and only effective means of bringing it into balance.

We are confronted then with a new economic situation, which we are bound to recognize. We must give attention as good merchants to the conditions which confront our would-be customers and the means which they possess for making payments. The purchasing power of every country is in its own powers of production, and unless it can use those powers and market the products of its industries, it will not be in position to pay or buy. The whole scheme for which this Council is organized, the promotion of foreign trade, might as well be abandoned, unless we are ready to consider the development of real trade, the exchange of our products for the products of other peoples.

It is a mistake for us to advocate foreign trade, as is sometimes done, on the ground that we have so greatly increased our general productive capacity that we cannot consume the output of our industries. That is not true in a general sense, including all the industries. The people of the United States could easily consume a volume of production equivalent to twice the present industrial capacity of the country, provided production was adjusted and balanced to their wants. Everybody would like to have twice as much house-room, and an automobile and other things to go with it. There is no limit upon our ability to consume; the limit on the whole is upon production. But in some lines of production we have de-

veloped our capacity beyond the demands of our people for those products, and we want to exchange such products for other things of which we are in need. We cannot dispose of them, or use that industrial capacity, except on a basis of exchange. That is the real situation as to foreign trade.

Now what are we going to do about it? And, particularly, what will be the attitude of associations like this, organized for the promotion of foreign trade? The subject undoubtedly presents some difficulties. A proposal to adopt a policy of greater liberality toward imports than this country has maintained habitually in the past, will run counter to the long-established views of many people, arouse apprehensions and perhaps create some dissension even within the Council itself, but the question must be dealt with, one way or the other. An argument can be made for a policy of exclusion and isolation, keeping out all foreign products which are competitive in any degree with our own and restricting our exports correspondingly; and another argument may be made in favor of a more liberal policy which will afford an opportunity for a larger development of trade on mutually advantageous lines; but no well-supported argument can be made in favor of trying to expand our exports without increasing our imports. That is a waste of energy; it simply cannot be done. We must choose a consistent course.

In my opinion it is inconceivable that the people of the United States will adopt permanently a policy which lays all emphasis upon being self-contained and which would restrict and handicap those industries, which are able to compete in all markets, for the sake of other industries which do not have like possibilities of growth. The largest possibilities for the country lie in the industries which can make their way in world markets. The genius of our people will not be satisfied without a chance in the markets of the world. The facilities for travel and transportation are such that it is inevitable that trade shall reach across national boundaries, and it is favorable to national efficiency and development and in the common interest of industrial progress that this shall be the case. In saying this, however, I am not making a declaration in favor of any radical change from the policy which is embodied in our laws to-day. Nothing should be done that will change materially the position of the great essential industries of the country in which thousands of people are employed and millions of capital are invested. It is not

desirable to unsettle these industries, and to a great extent they are quite secure in their own strength.

Industry is undergoing constant changes, the volume of trade is rapidly increasing, and if we are guided in the future by recognition of the reciprocal nature of all permanent trade it is not likely that tariff changes materially affecting existing industries will need to be made.

We are in the debtor position on trade account toward South America and Asia, and in a creditor position toward Europe, Africa and the other countries of North America. Conditions are unfavorable to an expansion of our exports to Europe and Canada, but favorable to such expansion in South America and Asia, providing we continue to receive the products of the latter upon present terms. These products are mainly foodstuffs and raw materials which are required in our industries and they come into competition with our own products only in the sense that the domestic supply is insufficient to meet our wants. Wool and hides are examples of these products. There is no reason to believe that the domestic supply of these commodities can be made equal to our needs; and that being true, it follows that any charges which may be laid upon our importations will raise the level of costs for our entire consumption, and tend to put the industries dependent upon these materials at a disadvantage in competition with foreign rivals.

The general level of prices for foodstuffs and raw materials has risen so much all over the world that there seems to be no occasion for raising them higher in this country by artificial means. The great rise of farming land values in this country in the last twenty years indicates that the prices of farm products have been generally on a remunerative basis. Although they may decline to some extent, it is generally agreed that they will not fall to pre-war prices.

We are now receiving foodstuffs and raw materials, which are the principal products of South America and Asia, practically on a free basis; and it is in the interest of our export trade to those quarters that this status should not be altered. These are hopeful fields for an expansion of our exports, but they will not be if we set up obstructions to the natural flow of their products to our markets.

Any duties laid upon this class of imports will come back in full measure upon the entire population and be a handicap to the exporting industries which use them.

In conclusion, it should be said that the readjustments incidental

to our transition from the conditions of a debtor country to those of a creditor country may be greatly eased and facilitated by the development in the United States of a market for foreign investments. It is understood that the interest running on the outstanding obligations of foreign governments to the United States Government will be funded for several years, and therefore will not in the meantime affect the exchange situation. If our people will take a lesson from the history of the upbuilding of the great foreign trade of Great Britain and Germany, they will take advantage of low exchange rates to secure permanent investments which will be helpful to trade in the future. Both of these countries have played a large part not only in the expansion of international commerce but in the increase of world production, by supplying capital in the form of industrial equipment for the countries of undeveloped natural resources. They kept exchange rates from rising against them by admitting freely the products of the countries where they were building up their exports, and by re-investing in part the income derived from those countries for further expansion of their interests.

These are the policies which have brought success to the countries that have preceded us in the development of world trade. They will be practising the same methods in the future, studying the needs and interests of the people whose trade they are seeking. We can have success upon the same terms, but upon no other. In the long run and taking the large view, the greatest prosperity for every country is to be found in such a balanced and mutually-supporting state of international trade as stimulates industry and prosperity everywhere.

This is a fundamental proposition which in its broad significance cannot be controverted; but in the eagerness of individuals to sell and amid the apprehensions which arise from rigorous competition, the people of every country are prone to overestimate the dangers which threaten them from the competition of other countries. It is possible for one country, by reason of natural advantages as by painstaking efforts, to obtain a dominant position in a single industry; but the same reasons which prevent a great one-sided trade in favor of the United States likewise forbid such a trade in favor of any other country. It is impossible for any country to monopolize the trade of the world. Great Britain always has imported more commodities than she exported. Germany was increasing her

foreign trade rapidly, but for the five years preceding 1914, her imports exceeded her exports.

The people of no country can do more than work all the time; and however efficient they may be in production they will not be able on the whole to do any more than supply their own wants, because their wants will develop as fast as their production, which is the measure of their buying power. It does not follow that they will supply all their own wants directly; they never do that; a country naturally sends abroad a part of its production in exchange for the production of other countries; but the population of every country will gladly consume the equivalent of its own production, and in the long run is bound to do so.

I have had friends express great concern to me about the future competition of different countries; sometimes it has been Great Britain; sometimes it has been Germany; sometimes it has been Japan. Any of these countries may specialize in certain industries and become formidable competitors in them, but nothing is more certain than that none of these countries in any general sense can crowd other countries out of industry. None of them in the long run will sell any more than it buys, or make in the aggregate any more commodities than it consumes. None of them will make goods for other countries without wanting something in return.

Japan is sometimes mentioned as a threatening competitor because of the low wage rates prevailing there; but wages are low in Japan because the machine equipment of the country has been small and the productive capacity of the country has been small. Japan can hardly produce enough to satisfy the growing wants of her own people. Their consumption and their wants will keep pace with any increase in productive capacity that they can accomplish. Their imports grow as fast as their exports; and so it is everywhere.

One of the grievances alleged against the labor organizations is that they sometimes limit the output, acting upon the theory that there is only a limited amount of work to be done, and that it is to their interest to make it go as far and pay as much in wages as possible. Every such conception of industry and business is fundamentally wrong. There is no limit to the amount of work to be done or the amount of business to be had, because there is no limit to the amount of wealth that may be created from the natural resources or to the consumptive demands of the world's population. (Applause.)

PRESIDENT JOHNSON: The secretary will now announce the names of the Honorary Vice-Presidents and of the General Committee of the Convention. (For list of Honorary Vice-Presidents, see page XVII; for list of General Convention Committee, see page VI.)

PRESIDENT JOHNSON: As the program is printed, we were to have had as the second address this morning, one upon the subject of "Increasing Imports" by Mr. E. P. Thomas, President of the United States Steel Products Company; but as the subject of this address is more pertinent for the afternoon session, we will now listen to Mr. Thomas while he delivers it. (Applause.)

INCREASING IMPORTS

ORGANIZATION AND PUBLICITY AS AIDS TO COMMERCE

By EUGENE P. THOMAS

President, United States Steel Products Co.

Foreign trade is necessarily reciprocal. We have long been accustomed to speak of competition for foreign trade in terms of commercial warfare. The result has been a deplorable confusion of ideas with regard to the true conception of commerce among nations, which is mutual exchange to mutual benefit. The time has come when it is of vital importance to us, not only to recognize that fact but to adopt it as the guide of our commercial policy.

IMPOSSIBILITY OF GOLD PAYMENT FOR AMERICAN EXPORTS

As a result of the war, the United States has become a creditor nation. Europe now owes us more than ten thousand millions of dollars, the annual interest on which alone would more than absorb all the stocks of gold likely to be acquired by debtor nations. Payment, both of principal and interest, can only be possible by larger exports of the products of the nations that owe us money. Aside from the question of interest on these loans, to attempt to exact payment for American exports only in gold would be an economic mistake. The stimulus of more and more gold with the accompani-

ment of easy money and low interest rates, naturally produces an expansion of credits, and forces prices and wages upward, until the level of costs upon which business is done runs far above that of the rest of the world. The reaction of such a process on domestic trade may not be immediately apparent, but its contracting influences on foreign trade is inevitable.

The problem of a continuous and enduring expansion of our export trade, particularly in manufactured products, depends for its solution on a corresponding increase in our imports. Unless we can accept in payment for our exports, the products of those countries which import from us, their purchases will necessarily be restricted to the commodities which they cannot do without and which they are unable to obtain elsewhere.

THE FUTURE OF OUR MERCHANT MARINE AN IMPORTANT FACTOR

Now that we are becoming a great ship-building nation, the necessity for the development of our import trade is manifestly more pressing. There can be no profitable employment of our merchant marine in foreign trade, when maritime competition becomes more pressing, unless the ships can find cargoes to bring back as well as to take out. It may require a triangular voyage to effect that end, but imports there must be as well as exports. That, it will be perceived, means not only a readjustment of some of our ideals of domestic prosperity, but also the development of a commercial and industrial organization of much wider range than that to which we have been accustomed.

SUCCESSFUL METHODS OF OTHER NATIONS

No better illustration of the potency of organization, co-extensive with the world, to create a great and profitable commerce, can be found than that contained in the experience of Great Britain, and, less only in degree and details, that of Germany, France and Belgium. The United Kingdom led the world in the application of steam power and machinery to industry, and early in her industrial career, and a little later in the case of the European nations, they began to supply capital in the form of equipment, machinery, supplies for industries and goods for consumption to countries that were

behind them in development. The fact may be noted that while the foreign trade of the United Kingdom increased from \$440,000,000 in 1826 to \$3,075,000,000 in 1876, that is, about sevenfold in fifty years, the increase of imports was more rapid than that of exports, so that, by 1876, the annual excess of imports over exports already amounted to more than \$576,000,000. The organization behind all this was largely the product of experience and facilities. The profits reaped from the foreign commerce of Great Britain, France and Germany developed in those countries a large body of investors accustomed to employ their capital in other countries, and those investments became channels of outlet for the products of their industries.

THE APPLICATION OF ORGANIZATION TO THE MACHINERY OF INVESTMENT

Taking Great Britain as an illustration, the familiar method was something like this: Her manufacturers not only sold machinery and equipment, but sent out skilled laborers to instal and operate it, as well as managers to direct it. To a large extent, the British investor or his compatriots to whom he advanced the money, retained proprietary control, so that the head offices of enterprises operating in all parts of the world were to be found in London. The companies, managers and workmen were resident representatives abroad of British industry and enterprise. They introduced and advertised British goods; they accustomed domestic mechanics to the use of British tools, and in a hundred ways they served as connecting links between the community of their residence and that of their origin.

THE VALUE OF RE-EXPORT TRADE

Consider for a moment the character of this stupendous combination: Here was a great industrial organization backed by a world's market for securities and a world's market for goods, served by shipping lines and systems of communication covering the trade routes of the world, and branch banks, branch mercantile houses, insurance facilities, and tributary investments everywhere. There has been, moreover, a great, free, readily accessible market in England for all the commodities of commerce—not simply a market for the country's own products and for what it consumes, but a world's

distributing market. How important is the item of British foreign trade which is thus supplied may be inferred from the fact that the total of British re-exports, which had sunk as low as \$154,000,000 during the war, promptly reacted in the calendar year 1919 to \$820,000,000—a year in which that portion of our own foreign exports, which are practically the equivalent of the British re-exports, reached the amount of only \$171,000,000. For over two generations of sustained activity in foreign trade, British ships were in every port, British banks and traders in every market, British capital everywhere, ready to build a railway, open a mine or move the products of the country to market. It was a combination of these conditions that made London the world's clearing house, and the pound sterling the standard of exchange value.

England has a larger transshipment trade than any other country in the world; in 1913 she bought for re-shipment over half a billion dollars' worth of merchandise. In addition to what came from her colonies, she bought from Europe \$96,000,000 worth, and re-sold to Europe goods not produced in England to the extent of \$296,000,000. In 1913, England sold to the United States goods valued at \$288,000,000, of which \$147,000,000 came from non-British sources. For example, we bought from England Philippine hemp worth \$700,000; East India jute, \$4,400,000; wool from Argentina, Australia and South Africa, \$10,000,000; rubber from the Congo, Brazil and the Straits Settlements, \$40,000,000; and tin from the Straits, Bolivia, the Dutch Indies, South Africa and Australia, \$25,000,000.

German and Belgian merchants, aided and supported by German and Belgian banks, have followed the British plan of developing the resources of particular countries and districts, providing the organization, the capital and credit necessary for the production, handling and export of the particular products of each country to the markets where they could be sold to best advantage, thus providing markets for the products of their own workshops as well as the means of payment. For example, in the coffee-growing districts of Central and South America, there have been for many years past German firms, each with a network of branches which, with credits provided by German bankers, would purchase coffee from the planters, in many cases even before it was grown, ship it to the markets in which it could be sold to best advantage and, with the credits thus eventually created, furnish the means of payment for the products of

their own country. It was along similar lines that French and Swiss manufacturers established the silk industry in this country.

DIRECT VERSUS INDIRECT IMPORTS

The outlook for saving profits to unnecessary foreign intermediaries in our import trade is encouraging, the process of emancipation having been developed under the stern exigencies of war. Our tea imports from Java furnish a case in point. Before the war Holland bought up the entire output and re-exported it, Russia and Great Britain sharing in the trans-shipment trade. During the year 1918, however, Holland and Great Britain received no Java tea, and the United States and Canada, which in 1916 received directly less than a million pounds, took 36 million pounds. The United States has become the largest purchaser of Java tea. So also with the tin trade, in which our imports from England, which were 52 per cent in 1913, were reduced to 13 per cent in 1918. At the same time, there was an increase in our direct importations of tin from the Far East, from 41 per cent in 1913 to 84 per cent in 1918. But perhaps the most striking illustration of the recent shifting of trade routes is supplied by wool. Of our imports of wool in 1913, Great Britain supplied 35 per cent; in 1918 only 2 per cent. In 1913, our direct trade in wool with the East Indies amounted to 12 per cent, but by 1918 had assumed the proportion of 81 per cent. That is to say, in this, as in other commodities, the Far East began to trade with us directly without European intervention. As a result of the embargo placed by the British Government on the importation of wool from South America, the trade was directed toward the United States, with the result that while the exports to our shores, for the season 1912-1913, of Brazilian wool amounted to only 29,000 bales, the same exports for the season 1916-1917 reached a total of 270,500 bales.

FREE ZONES

For the more rapid expansion of our direct trade in imports for re-shipment, it has been urged that free zones should be established at those American ports which are well equipped with railroad and shipping services and with financial facilities. The number and frequency of sailing of American ships would thereby be increased;

there would be forthcoming a better prospect of cargoes on incoming as well as outgoing vessels; a consignment market for all the great staple products of commerce would be created, to the manifest increase of the range, and the reduction in price, of raw materials for the American manufacturer.

PUBLICITY AS AN AID TO COMMERCE

But back of all this is the primary question of how shall we best promote and develop new markets in this country for those products which can be imported to the mutual advantage of ourselves and of those foreign nations to which we desire to sell our products, or which are already our debtors. It may be assumed that there is substantial agreement on the general proposition that there can be no permanent and continual expansion of our exports, particularly of manufactured products, without a substantial increase in our imports. The stimulation, in new quarters, of our commercial exchanges will necessarily require the coöperation of the countries in which we are seeking business, as well as a careful coördination of means to ends on our own part. That is to say, countries having a surplus of their native products for export and desiring to exchange them for American raw materials or manufactured goods will be expected to study the possibilities of our market as assiduously and intelligently as we may be expected to study theirs. The mutual benefits derivable from foreign trade can be insured only through coöperation, reciprocal confidence and a close coördination of common aims.

There has been, so far, a notable absence of any systematic campaign of publicity with regard to foreign products which might be widely used in this country but with which our people are only partially, if at all, familiar. A beginning has been made in the organization of foreign chambers of commerce in New York and elsewhere, the primary object of which is presumed to be the exchange of information as to the capacity of the United States to absorb certain classes of imports, and the ability of foreign countries to find a market for certain classes of exports. The usefulness of such chambers of commerce could be greatly extended were they to concern themselves with the communication to our financiers and merchants of the opportunities for profitable investment presented by their respective countries, and for the establishment there of branches of American trading concerns and of American industries,

There is a large and unoccupied field for popular education here with regard to the consumption of foreign goods, or rather the creation of a demand among our people for foreign products not now entering into American consumption or not yet utilized for further manufacture in this country.

THE ECONOMIC PROBLEM OF EUROPE'S INDUSTRIAL REVIVAL

How to help the new nations of Europe to the profitable use of their industrial aptitudes and their undeveloped material resources, is one of the foremost economic problems of the hour. A combination of some of the largest and most powerful British banking houses was recently formed for the purpose of restoring the industry and reviving the economic life of the countries formerly constituting the Austro-Hungarian Empire. This group prepared a practical scheme for the furnishing of raw materials, which are to remain their property under effective safeguards, to be manufactured in Austria and Czecho-Slovakia, the manufactured products being exported to markets where they can be sold to the best advantage. Similar assistance, on an enormous scale, to other European countries and particularly to all of the nations into which the former Central European and Russian Empires have been broken up, will undoubtedly be necessary to enable them to become self-supporting and to carry out their obligations under the treaty of peace. Apart altogether from the obvious obligation, on grounds of humanity, which rests upon those nations possessing available capital and resources to come to the rescue of those whom the war has reduced to misery and starvation, all experience proves that the help thus extended will prove as profitable to the benefactor as to the beneficiary.

THE EXPLOITATION OF THE RESOURCES OF NEW MARKETS

So far as the still undeveloped countries of the world are concerned, the methods which were in use before the war are not at all out of date. The resources of those countries were developed by British and European merchants, aided and supported by British and European banks, which provided the organization, the capital and the credit necessary for the production, handling and export of the particular native products to those markets where they could be sold

profitably. The merchants and bankers who provide a foreign producer with the capital and credit he needs for the development of his plantation or his line of industry, naturally secure the inside track in selling him what he needs to buy outside of his own country. Moreover, merchants maintaining branch houses in the countries of origin of the products in which they deal, acquire a direct interest in expanding the sale of these products to the fullest possible extent, and are able to determine the methods of publicity best calculated to serve their purpose.

THE AMERICAN PRESS AND ATTACHÉ SERVICE

Finally, it is urged that the press of the United States, which has of late years devoted constantly increasing attention to foreign opportunities for the expansion of American export trade, should go a step further by inquiring into the opportunities for the profitable investment of American funds in foreign markets, through the establishment of branches of American mercantile houses, of factories and of banks. Active American chambers of commerce and bureaus of publicity and information should be established in every important foreign market, complementary to foreign chambers of commerce and information bureaus existing here. Due credit should be given in this connection to the value of the services of the Commercial Attachés of the United States in foreign countries. They are supplying the necessary link between commercial, export and banking organizations here, and the foreign markets which it is absolutely essential that the United States should successfully cultivate. But to this phase of Government activity the National Foreign Trade Council has given such unswerving and powerful support that it is only necessary to reaffirm it now. What our merchants and manufacturers most need is an awakening, not only to the extent of their opportunities in foreign markets, but to the absolute necessity of utilizing them in order that the material prosperity of our country may not be seriously impaired. (Applause.)

PRESIDENT JOHNSON: The next speaker is a resident of San Francisco whose contributions to its business interests have been notable; whose efficiency and courage and effectiveness in defending the interests not only of business but of citizenship in this part of the country are notable. He is a director of the Chamber of

Commerce of the United States where his influence has been growing until it may now conservatively be said to be a national influence. At the dinner of the Railway Business Association recently held in New York, he made a notable contribution to the discussion of the problem of the rehabilitation of American railways. I take great pleasure in naming as the next speaker, Mr. Frederick J. Koster of San Francisco, whose subject will be "The Future of Our Exports." (Applause.)

THE FUTURE OF OUR EXPORTS

By FREDERICK J. KOSTER

President, California Barrel Co.

I am to speak to you upon the subject of the future of our exports. One might well be pardoned for approaching such a vast subject with some degree of timidity. It involves the element of prophecy, a comprehensive grasp of the capacities of one hundred and ten millions of human beings, of the resources of a land great in extent—and this, I take it, no man is quite equal to. I can therefore attempt to touch only upon certain broad, general aspects of the subject. I believe that sometimes it is wise to get back to the very simple beginnings of things as they affect us directly as individual human beings, even these large subjects which must be dealt with on a great national scale. After all, the nation and the world, the human world, are but an aggregation of simple, individual human beings like ourselves. (Applause.)

Export, I judge, represents the positive factor in the beginnings of the foreign trade of a people, a pioneer step in spreading the influence of a nation among other peoples of the world.

Let us consider for a moment the reason for this great gathering.

Thoughtful, practical men of business saw the development of our national resources and the growth of industry, realized that American aggressiveness and ingenuity were rapidly developing a greater and greater capacity for production and that, in many important lines, we were certain to overstep the limits of our own powers of consumption. Their own foresight and, let us admit, prompted by the force of necessity perhaps in most cases, took them

into the export field. As they progressed, they found themselves confronted by many obstacles. It is not necessary to go into detail, but the handicaps suffered in competition with the business men of those countries which addressed themselves particularly to the cultivation of foreign markets were such that it was deemed necessary to organize with a view to so awakening the American public generally to an understanding of the advantages of the widened opportunities through export as to result in the creation of conditions that would not only remove handicaps, but would tend to stimulate expansion of American business in foreign fields.

Underlying it all is the great question of widespread human benefit.

There is no people so happy and contented as that which is busily at work.

Nothing so advantages humanity as that which stimulates the creative power.

Nothing so positively develops the creative instinct as does a widened opportunity for productive effort.

I consider it basic that it is the duty of every producer to find the widest possible outlet for his product. Broadly speaking, the law of averages is likely to work to his greater advantage in maintaining a steady flow of his output. That in turn favorably influences the employment relation, in the effect it has upon stabilizing the job of the worker, and so it reflects itself throughout American industry to the advantage of the whole body politic, from lowest to highest in the social scale.

Increased volume makes possible greater economies all along the line, which could not otherwise be effected. Ingenuity in method and invention are fostered, and the morale of an entire people is heightened through a widened opportunity for the creative and the productive.

Transportation facilities must needs be improved to meet expanded volume and that, in turn, reflects itself locally. There follows the establishment of a merchant marine; shipbuilding is a necessary corollary, and throughout the whole economic structure there vibrates the spirit of wholesome activity.

Whether the citizens of a nation exert themselves to find the widest outlet for their product or whether, on the other hand, they rest content with markets that are within easy reach and under conditions which involve no special acumen in supplying them is just

the difference between the character of that individual who lives in mental lethargy, satisfied with what, from day to day, presents itself to him, and that one who in constantly increasing development lives to the highest of his capacities. (Applause.)

The development of an export trade imposes far greater intellectual activity, necessitating adjustment to widely different conditions and understanding of the psychology of varied peoples.

Interchange of commodities necessarily leads to closer intercommunication and since business can be conducted successfully only through the development of confidence, that relationship created between individual parties to a transaction leads to the establishment of greater confidence and mutuality between the respective nations in proportion as such transactions are multiplied, as between their nationals.

Government itself must establish a proper contact with the governments of other peoples. Its representatives must be carefully chosen so that they are of that character that will inspire confidence and win the respect and friendly attitude of the foreign peoples to whom they are sent and in the light of which attitude alone commercial intercourse can be successfully developed.

The better understanding of people of foreign types through the necessarily friendly basis of commercial intercourse leads to a higher respect, in spite of differences in type. It is not desirable that races should change their essential character, but it is important that we should reach, through education, that degree of enlightenment that develops respect for those of other races—not in spite of, but rather, even, because of their differing attributes, realizing that through our very differences there is a greater variety of contribution made to the sum total of all the values in human life.

I cannot refrain from laying emphasis upon what to me is the one outstanding fact involved, namely, that commercial interchange which leads to closer intercommunication and therefore nearer human relationship is the greatest of all civilizing influences.

The world must be brought into closer relationship for the greater welfare of all civilization.

One section of humanity cannot profit at the expense of any other section.

It is true that in the field of competition one may rise above another, but in the ultimate, successful competition must take the

form of superior service and even the follower under an advanced leadership is still an element of progress.

To cite an example of the civilizing influence of the extension of exports, we might take the case of the Standard Oil Company's campaign in China, with its lamp and its kerosene, bringing light into the home and into the hovel—and where there is more light there is bound to be the instinct for greater knowledge and the desire for broader opportunity. That instance alone gives a clear and simple demonstration of the civilizing influence that grows out of the desire of direct gain and advantage through extension of exports.

Now, the continuance of commercial intercourse is bound to lead to the improvement of the race; laws of sanitation must be observed or the people and the products of a country failing in that particular are refused admittance to another; pests that attack various products must be destroyed, or, again, there comes quarantine, and so the effect upon this interchange, based upon the desire for wider export, causes conditions of necessity to be improved in many backward sections that may be opened to the avenues of commercial intercourse.

I shall not attempt prophecy, but the future of our American exports will depend entirely upon how effectively such gatherings as this carry the educational message to our American people. They must be awakened to the great advantages accruing to themselves directly through expanding to the utmost the markets for their products.

We must begin with a thorough understanding of what is involved in that priceless possession of all of us—the sovereignty of American citizenship—the obligation imposed upon every one of us to take part in the affairs of government so that we may have intelligent legislation that will not restrict our opportunities, but will tend to widen them.

Just at this particular time we have before us the great question of our internal transportation, and basic to the future of our business opportunities, both domestic and foreign, is the attitude of our people, that will reflect itself in such legislation and such acts of governmental bodies as will enable the great transportation systems to properly function and serve existing needs—and meet the expanding necessities of our commerce. Production is limited by the capacity for transportation.

The future of our exports will depend upon these things.

We of the Pacific Coast of our country are particularly concerned because across this great ocean, towards which our faces are now turned, and up and down its Eastern and Western edges, there are millions of human beings controlling resources as yet but inadequately developed. They need, and many of them will welcome, the influence that the ingenuity of our people can bring to bear upon their welfare.

There are great potential markets which require careful foundational cultivation, helping them to develop latent resources or to improve their methods so as to increase their purchasing power; and, on the other hand, we ourselves require a high productivity which, stabilized, leads to that degree of prosperity that stimulates our own demand and thus, in turn, improves the opportunity for interchange.

It is, to us particularly, of tremendous importance that this great nation should be awakened to the advantages of widening our possible markets. We are in close relationship, particularly with the millions of the people of the Orient, affording a great pioneer field for American ingenuity, American capacity and the products of American industry, and we of San Francisco, who occupy one of the great strategic points of that future commerce, one of the world's important national gateways, have a big sense of responsibility to the nation to do our part in stimulating that interest throughout the nation which shall result in our people profiting in the highest possible measure through these great opportunities.

At this time there rests upon us the big question of meeting, as the Western outpost of our Nation, the problem of dealing fairly with those people of the Orient whose friendship and positive goodwill we are so genuinely desirous of winning and maintaining.

It is no easy task to face the questions that race prejudice raises—but we must meet them and solve them in a spirit of restraint and absolute justice.

The great future of our exports—and that means in the end the greatest opportunity for radiating our influence to the advantage of humanity, lies across the broad Pacific. It resolves itself into a question far bigger than can be considered in the cold terms of dollars and cents, or immediate material advantage—a question of destroying in shortsighted bitterness great values erected adown the generations, or patiently and sympathetically endeavoring to understand our fellow beings of different heritage, working out our prob-

lems with them in the light of such understanding, to our mutual advantage and the benefit of posterity. (Applause.)

PRESIDENT JOHNSON: Mr. Koster has very appropriately referred to the intimate relation which exists between our transportation systems and foreign trade. No one residing on the eastern seaboard can come to California without being impressed first that those who had the courage and energy to construct these great transcontinental systems of railways accomplished probably more than any other influence to bind us into one people and one nation; and after arriving in these Pacific states and traversing the length and breadth of this splendid State of California, one cannot but realize anew the indomitable courage and energy of those who, in a new and primitive country, created the transportation systems which have made it the garden which we now see it. There were giants in those days, and it is necessary that the task which they so ably performed should rest upon the shoulders of the giants of this generation. These latter have responsibilities as great and tasks as difficult to perform as they.

It is particularly appropriate that this convention of the National Foreign Trade Council should listen to an address upon the subject of "Railway Service in Foreign Trade" by William Sproule, President of the Southern Pacific Railway. Mr. Sproule. (Applause.)

THE RAILROADS AND THE FOREIGN TRADE

By WILLIAM SPROULE

President, Southern Pacific Company

"The Railroads and the Foreign Trade" is a subject that has a familiar and even a controversial sound. There has always been an atmosphere of controversy about foreign trade whether as a matter of commerce or of transportation. That is because in the popular mind there is something alien about foreign trade. This is but another instance which serves to show that the primitive man is still strong in us. To the primitive man every race, and indeed every tribe, but his own is alien, and being alien is an enemy. Hence probably the popular notion that foreign trade is somehow or other alien to us and inimical to our own interests at home. The consequence

has been seen in the difficulty of getting protection for our industries or our commercial business in foreign countries. In sympathy with this has been the lack of initiative and diligence in the promotion of our foreign commerce and the lack of an organized plan for promoting that commerce, until the National Foreign Trade Council came to consider its problems and their solution.

The railroads have been in very much the same position in handling the transportation problems connected with foreign trade. When the railroads have made special rates to meet the needs of foreign trade, as these needs were understood, they too often have been accused of discriminating in favor of the foreigner as against the traffic moving within the confines of the United States which for convenience we call domestic traffic. One of the familiar aspects of controversy about foreign trade is the claim of damage done to or exactions levied upon our domestic trade, whenever an article produced or made in this country is sold in a foreign country for the same or for less price than that at which it may be had in this country. Precisely in the same way, when the railroads make a rate from point of production or manufacture to the United States port of export that is less than the rate to the same port or related ports for home distribution, they are apt to be charged with discrimination in favor of the foreign user as against the home user of the same goods.

It has been said that men cannot live by swapping jackknives among themselves, however good the jackknives and however numerous; for when they get through they as a group will not be richer, and no one will be any richer than before unless to the extent that one was more skillful than the other in the swapping. So with the States of the Union; the State that can produce only enough for domestic swapping purposes is in a bad way. As with the State, so with the Nation; if we produce only enough for swapping purposes among ourselves we are not a prosperous people, for that would be standing still, which is stagnation. It is impossible for a nation to stand still. It must either go forward or backward. We must either have progress and prosperity or recede into hard times. Except as to the nations whose frontiers are to the north and south of us, the only way our prosperity can be permanent is by increase in our foreign trade overseas. In this increase the railroads have an interest that is direct and not merely incidental. It is a question vital to our country, and the desire of the railroads to be of service in that trade

is not only in direct self interest but from a larger motive, because of the knowledge that what makes for the prosperity of all makes for the prosperity of the contributing agencies.

But just as profiteering at home and dumping abroad is apt to be the popular idea of what foreign trade means, so the making by the railroads of rates necessary for the foreign trade which may be lower than charged at the same time for local or domestic trade is apt to be misunderstood by the public, who may be led to think that the lower rates so made are at the expense of the people at home. This misunderstanding has been fostered for a generation. The railroads have been so accused, and unjustly. Nor has the accusation been confined to those seeking popular favor from personal motives. It has come also from Boards of Trade, Chambers of Commerce and others in commercial life. The rates have been used too often as an argument for lower rates at home. This has been on the general principle that whenever a lower rate on a commodity could be found it was used in comparisons to push down the existing rate at home, though there is nothing that is more misleading than such comparisons. The relatively longer distances that our overseas commerce must move, with the consequent greater transportation burden, is not generally recognized even by the merchant and manufacturer. The merchant who made the same percentage of profit on the great variety of goods carried in the several stories of his building and its basements, would not last long against his competitor with a flexible scale of profits based upon his experience of what the trade to which he caters will accept, and which in combination will yield him profitable returns, with satisfaction to himself and his customers. Like the successful merchant, the railroad or the nation that wishes to be of greatest usefulness seeks to be responsive to the greatest variety of needs on the part of its customers. The railroad's customers are the public—the producers and shippers of the country whose needs differ as widely as the customers of that department store, or differ as greatly as the lines of latitude and lines of longitude of our country.

As to the railroads the first point to be remembered is that neither the railroads nor the merchants would have in many lines any foreign trade worthy of consideration if the railroad rate was restricted to the rate charged for goods in domestic carriage, and if the ocean rate was also held rigidly to that which applies locally from home port to the port of foreign destination. The prices the party

at destination can pay are fixed by conditions that prevail at the foreign destination. We have to do business in a way that will meet those prices under the conditions that obtain at that foreign destination, or we have to stay out of the business. If there is a reasonable way of taking part in that traffic at that point, a public service is rendered by the shipper, and by the railroads and the water carriers, when their efforts are combined to reach that commerce and so extend the trade of our country abroad. Yet as the merchant or manufacturer has been accused of profiteering (which is merely a new word with an old meaning) because the prices are lowered by him for the purpose of achieving that foreign market, the railroads have been accused in like manner when they have helped to carry the burden by rates for carriage of business which without this aid would not be moved. To move or not to move the business, that is the question.

This brings us to another phase of the subject. Every port of the United States yearns for a share of the foreign trade. Ports which have merely tasted a little of that trade will readily claim that their deep water, their port facilities and their location give them a natural claim for a share of the foreign trade, and generally they are right if only there is enough foreign trade to go around among all the ports that seek it. Under any conditions export trade will follow the line of least resistance, which means that it will go through the port best suited to the needs of the traffic for each piece of business. This ambition of each port to get the largest part of the foreign trade puts upon the railroads a pressure constantly exerted to make rates to the port or ports served by each railroad, that will make it possible for the business to move over the railroad upon which the pressure is brought. Thus in the Asiatic trade there always has been pressure upon the railroads in the middle west of our country to make rates to the Atlantic ports that would enable the business to move through those ports via the Suez Canal, while at the same time the competitive effort is exerted to put the business through Pacific ports in vessels plying directly across the Pacific Ocean. Now comes the Panama Canal with its problems, tending to throw out of gear the arrangements of the past, probably to force readjustment in the relation of all of the United States competing ports, in their struggle to retain the share of the foreign trade they had before the war, and gain new advantages as the trade of the world increases in volume. Although the Panama Canal has been

held in leash, as it were, by the world war, it is the most powerful factor that has come into the foreign trade since the Central Pacific (now Southern Pacific) completed the spanning of the continent by railroad and the Southern Pacific linked the cotton fields of Texas with the ports of the Pacific. The Panama Canal will make more intense the competition between the ports of the United States for the foreign trade, and so will increase the competition between the railroads, not only because of a proper desire upon the part of the railroads serving the ports to share in the foreign trade, but because of the pressure exerted upon those railroads for rates that will permit our industries to reach the foreign markets. When against the railroads there is combined with the pressure of the industries requiring transportation, the pressure of each port to build up its own trade as a port, and the urging by each steamship line using the port that cargo be brought to ships' tackle in quantity to maintain that trade route, it can be seen that the railroads have no easy task in meeting the rate requirements of the varied interests concerned.

Railroads in the foreign trade have the further problem of meeting the views of the water carriers without whose service the foreign trade would be impossible. The water carrier knows as well as the railroad, and often better, what through rate must be made from the point where the business originates in the United States to the destination sought for the goods to find market in the foreign country. It is to the interest of the water carrier that the railroad shall accept the lowest possible earning as its proportion of the through rate, for obviously the smaller the railroad's share of the rate the more is left for the water carrier. Here again the railroads have their difficulties. The same steamship line, for example, may have liners plying from competing ports. It does not stretch the imagination to perceive one steamship interest having sailings from an Atlantic port and a port in the Gulf of Mexico and one or two ports on the Pacific slope, all sharing in the Oriental trade. Thus for all of these ports there are competing and conflicting interests, and in the white heat of competition that is bound to follow the restoration of the world to its normal activities the railroads will be placed in a more difficult position than at any time heretofore. Greater calls than ever before are likely to be made upon them, responsive to the competition which in turn will be intense between the commercial agencies that handle the production and distribution of our mills, factories and fields. These conditions will but make the railroads the

more eager to be useful, for they share the atmosphere of their constituents.

It should not be assumed, however, that the intention to be of service means that a railroad is ready to give or is allowed to give the transportation for the mere cost of the service or less than its cost. It is expected, and is reasonably expected, of a railroad that it shall not render to any one a service in which it sustains a loss. It is reasonably expected that for every service the railroad renders it shall earn at least the out-of-pocket cost of that service, with some compensation added to this cost as a contribution toward the net result of its operations.

It is also expected and reasonably expected that the rates accepted on one class of traffic shall not be so low as to impose a burden upon another class of traffic by charging it higher rates than otherwise that traffic should pay. As the highest rates the railroad may charge on any of the commodities it carries are fixed under approval of governmental authority, it follows that the range from the highest to the lowest rate charged must be such as will yield the railroad a reasonable aggregate return, if the business of the carrier is to so prosper as to function fully for the public service. It follows further that any expectation that the railroads can meet at will the needs of the foreign trade by reduction in their rates is not well founded. They can do so only to the extent, first, that they can justify reduction as necessary in the case, and secondly, that they can justify the lower rate when necessary as a compensatory one for the service, in the sense that it yields them some profit over the net cost of carriage under the circumstances covering that transportation.

This reminder has special reference to the railroads serving the Pacific Coast ports because those railroads have to haul long distances much of the foreign freight they carry, the Pacific Coast being as yet not a large manufacturing area, although its factory growth is active. For cargo the water carriers serving Pacific ports have to rely largely on the products natural to the Pacific slope, supplemented by cargo brought by rail from the Gulf States and from the manufacturing districts of the States east of the Rocky Mountains.

I have dealt so far with Export traffic because it is the great field we have in mind in the first instance. In doing so, the importance of the Import traffic has neither been forgotten nor can it be allowed to remain obscure. The factors in import traffic are in all

essentials the same as in export traffic so far as concerns the railroads, and having dealt with some length on the export phases of the business, it does not seem necessary to say much about the imports, as the controlling features are for the most part interchangeable. Foreign trade consists of exports and imports for the railroads and for the ships and for the Nation. The railroads in foreign traffic have not only to join in through rates, whenever they properly can do so, that will help the traffic to move; they have also to recognize that a ship is a unit which has to be loaded with heavy cargo below and with cargo that, in gradations of space related to weight, will permit the ship to be loaded to her carrying capacity in seaworthy fashion. For if the ship is to pay her way she must find such cargo as will give her tonnage and stability, and in both directions, and the railroads have to be ready to participate in the carriage of that cargo in each direction.

This summary of the situation doubtless brings to mind the query as to how, under these trying and conflicting conditions, the railroads can find basis upon which to make rates to fit the foreign trade. It is no secret among railroad men that this has always been a difficult question. The railroads have been beset by the competition between producers or manufacturers, between points of production or manufacture, between rival commercial bodies and interests, between rival ports and rival ocean carriers and last, but not least, the rivalry between the railroads themselves in competition with each other and in response to the communities they serve. In the end the main effect has been to bring the railroads to a point in their history in which the foreign traffic has been the least profitable and most debatable part of their business.

How these uncertainties and this lack of profit in the foreign business carried by the railroads can be obviated for the future is an interesting question. It is not unlikely that the solution for it rests in the National Foreign Trade Council. If the railroads find in this Council a common source of information and common fount of facts, it will be a step forward of no small moment. While the factors that lead to entry into a foreign market, whether as importer or exporter, are variable, there are certain factors that will be less variable. One of these factors is transportation, and of this the rail transportation will of necessity be the least variable. The railroad is a fixed entity. It is always at your service and it is always in the same places. The ships can come and go, can change their route or

lay off or quit. Not so the railroad. The ship varies as to size, capacity and destination. Not so the railroad. It follows that in any scheme of through rates, the railroad, since it serves all the people, and the foreign trade is only a small part of its functions, cannot be expected to be responsive to those wide and rapid fluctuations in rates in which other vehicles of commerce, especially water carriers, may indulge. Indeed a substantial volume of the foreign trade carried to and from the ports by the rail carriers of our country will always be done under the same rates that apply to the home traffic, but there is also a large traffic that will continue to need rates that are helpful. This makes it important that the basis of information upon which the rail carriers fix their foreign rates shall be both accurate and up-to-date, with adjustment as to competing ports in the United States that will not cause the railroads simply to see-saw each others' rates and fritter away their revenues, without any substantial benefit to the foreign trade. No business can long be done and no business can be done well except on the basis of profit. This is the more true in railroad service that calls for promptness and which must be reliable; and in the foreign trade prompt and reliable service by our railroads is one of the most urgent requirements.

The National Foreign Trade Council can be helpful in this respect not merely in educating the general public to the importance of foreign trade, but also in educating all concerned, including even the agencies of government, that the foreign trade is necessary to the welfare of our country; that it has problems of its own for the carrier as well as the merchant, and that rates made for the foreign trade should not be considered any criterion for measuring the rates on the business done at home. The people should also be educated to the fact that the foreign trade is not to be built up on the basis of chronic agitation for reduced rail rates, as these can be granted only under circumstances and conditions that may be justified by close analysis. This is the day of regulation and for the railroads it is the day of regulation in the fullest sense, although from that regulation the ocean carriers are largely free. The ocean carriers will have to do their part in building up the traffic, for in their failure to do so the efforts of the railroads would be futile. But that is another story which the ocean carriers can tell to better advantage.

As I have already said, this summary of the situation induces the query as to how, under the trying and sometimes conflicting conditions to be met, the railroads can find the basis on which to make

rates from time to time to fit the foreign trade. This brings me to the closing suggestion that the railroad which bases its rates upon the best information and applies that information with the greatest intelligence is the best servant, other things equal, and the railroads are sincere and consistent in aiming to make their rates only upon reliable data, for this is to their self-interest and to the public interest alike. If the National Foreign Trade Council is successful in providing such information—up to date, open to all and of general acceptance—as will contribute toward making it possible for the railroads to reach their conclusions from the solid foundation of fact, the railroads will thereby be better able to take their part in the foreign trade and so further the laudable purpose of this young and ardent and patriotic organization. (Applause.)

PRESIDENT JOHNSON: The session is now adjourned.

ADJOURNMENT.

GROUP ONE

EDUCATION FOR FOREIGN TRADE

Wednesday, May 12, 8:00 P. M.

Civic Auditorium

The session was called to order at 8 P. M. by H. R. Hatfield, Dean of the School of Commerce, University of California.

CHAIRMAN HATFIELD: The first subject on the program this evening is "Why and How Economics Should be Taught in the High Schools," by Dr. Ernest L. Bogart, Assistant Acting Foreign Trade Advisor, State Department, Washington, D. C. (Applause.)

HOW AND WHY ECONOMICS SHOULD BE TAUGHT IN THE HIGH SCHOOLS

By E. L. BOGART,
University of Illinois.

The most important questions which confront our civilization today are economic in character, and even those which have to do with other activities or interests are affected by economic considerations. An excellent illustration of this fact is found in the issues which are being discussed in the present presidential campaign—immigration, foreign trade, federal taxation, industrial relations, high cost of living, etc.

Without taking the extreme view of economic determinism, it may safely be asserted that our leading problems are economic and that their correct determination calls for a knowledge of economic science and the application of correct economic principles. The Great War and its effects provide the world with its great outstanding problems today. Not only are these primarily economic and financial, but the war itself in large measure grew out of economic considerations.

The economic pressure of a rapidly growing population in

Germany, which doubled in sixty years, combined with an incorrect analysis of the nature and value of foreign trade, together with overweening political and military ambitions, led to the greatest war in history. Our own participation in this struggle was made necessary by the disregard and defiance of our rights as neutral traders. In fact it can be shown that the determining factor in all wars in which this nation has engaged, has in the last analysis been economic in its nature. The colonists went to war with England in defence of their right to carry on profitable lines of trade which the mother country tried to suppress, and also of the right to issue their own paper money. "Taxation without representation" made a convenient slogan at the time, but it is now recognized that more fundamental economic issues lay behind the political demands. The war of 1812 was fought to secure our commercial rights on the high seas; the war with Mexico resulted from the need of the slave-owners of the southwest for more land in which to push their extensive exploitative system of cotton growing; the Civil War was at bottom the inevitable struggle between two opposing systems of labor, that of free labor working for a competitive wage and that of compulsory slave labor. Even the Spanish War, in which idealistic motives probably played as large a part as is possible in any such struggle, may be traced to the investments in Cuban sugar plantations of American capital. And if we should go to war with Mexico in the future, does any one doubt that our investments in oil lands would be a leading factor in bringing about such a conflict? The justification of a resort to arms to decide the various issues involved in these wars need not be raised; the simple fact remains that the issues themselves were fundamentally economic.

There never was an age in which economic questions were so important or so predominant. Human interests differ from time to time and so too the problems vary which are presented to society for solution. In the Middle Ages men's minds were absorbed by religious considerations, and from the theological controversies there resulted the Reformation. In the seventeenth and eighteenth centuries the great issue presented was that of constitutional government and to its solution the greatest intellects of the day gave their best. But the nineteenth century was primarily industrial; in that period industry was completely revolutionized and greater material progress was made than in all preceding history. The rapid, almost dizzy, progress of this period has left to the twentieth century some

serious economic problems, whose solution calls for the application of our best talents. We are often reproached for the sordidness of our interests and are called material-minded; but the truth is that no greater challenge was ever given to the human intellect and soul than is presented by the social and economic problems of to-day. The present industrial unrest has moreover rendered these problems much more significant and their correct solution more imperative than has ever been the case before.

The United States has always been the testing ground for new social and economic experiments. We are venturesome and less bound by custom and tradition than most peoples, consequently new schemes and rash proposals receive a hearing and trial in this country more readily than in most places. Our people have constantly to pass judgment upon these questions and to form opinions as to their reasonableness. Moreover, since our government is democratic, more questions are referred for decision at the polls than in any other country, and most of these questions are either directly economic or involve economic considerations. And finally, as a worker earning and spending his income, the citizen is called upon daily to make decisions which are economic in character. It seems clear that if he is to meet his obligations intelligently, the average citizen should possess a knowledge of economic principles, should have his powers of observation and discrimination trained, and be able to apply his knowledge to the problems presented to him.

A good system of education should fit its students to be (a) better citizens, (b) more productive and efficient members of society, and (c) better able to enjoy life. It should enable them to understand contemporary civilization, to adapt themselves to it, and where necessary help to modify and improve it. In all these aims economics must take a leading part. One of the purposes of this study is to give a definite training to the citizen which will better fit him for the responsibilities thrust upon him by our present political, social, and industrial organization. Various definitions have been framed of the "good citizen" and the qualities of citizenship held in highest esteem have varied at different periods. In times of war the good citizen is expected to exhibit certain military virtues, but in the normal times of peace other quite different demands are made upon him. In general however it may be said that the good citizen is the man who can help intelligently to solve the problems that grow out of a complex industrial development, and who can

prove himself a helpful member of the social environment in which he lives. At the present time economic life is social life. The citizen who disobeys economic law is to that extent a dangerous member of society. Thrift, frugality, extravagance, waste, profiteering, shirking, are economic concepts which present questions of right or wrong. The man or woman therefore who has gained right ideas about economic conduct has also gained right ideas about social conduct. He has learned lessons in ethics which are invaluable and should enable him to distinguish more clearly between what is right and what is wrong.

If a man learns these elementary principles and bases his conduct thereon he will certainly prove a more efficient and productive member of society. It may fairly be expected that his earning capacity will be increased thereby, as it would be by any subject in the curriculum which affords a high degree of mental training. The main purpose of economic study, however is not so much to increase earning power as to render the student a more useful member of society.

The object of economic education is to show men how to live, as well as how to produce, and in this connection the lessons of economics are of paramount importance. Goods are produced in order to be consumed; income is earned in order to be spent. The consumer has valuable lessons to learn in thrift, in wise expenditure, and in investment, whether this be in the form of health and well-being, of education for increased future earning power, or in deposits in a savings bank. Self-help, self-restraint, far-sightedness, discrimination are among the qualities developed.

According to information furnished the speaker by the United States Bureau of Education, about 60 per cent of the students who enter high school end their education at that point.¹ If training in economics is to be given to these students it is therefore clear that it must be in the high school. To educate a few leaders in the colleges is clearly not sufficient. The mass of our citizenship, both men and women, must be given instruction and understanding of the essential facts and principles of our economic life. The possibility of effective leadership is limited by the levels of popular

¹According to the Bureau of Education 27.4 per cent of students graduating from high schools in the United States in 1917 went to college while 13.7 per cent continued their education in other institutions of learning, or a total of 41.1 per cent.

understanding, and the level can be raised only by public school instruction.

Economics furnishes a kind of mental training hardly to be found outside the social sciences. It is as valuable as mathematics but differs from it. The reasoning of mathematics is logical and rigid; that of economics is not less logical but is based upon probabilities; if certain premises are given, certain results will probably follow. But allowance must always be made for unknown factors and for that most variable element, human nature. Since this is the reasoning used in practical life, such a discipline is of special value in the schools.

A certain amount of economic knowledge is obtained from our daily conversation, reading, and experiences. But the knowledge thus gained by the average man is obtained in haphazard fashion and is apt to be one-sided and frequently erroneous. The boys who go from the public schools to the shops and factories will undoubtedly hear much discussion of economic problems, but it will probably consist of inflammatory denunciations of existing institutions and of uninformed debate over social questions. What likelihood is there of forming rational judgments in such an atmosphere on the part of a young man without any previous education in these subjects?

Accurate statistics are lacking which would show the proportion of high schools in the United States giving instruction in economics, but the number has certainly been growing. A few scattered figures may be given by way of illustration. In 1893 about one-twentieth of the high schools replying to a circular reported courses in economics; in 1912 the proportion given in a limited inquiry was about one-fifth; to-day the proportion is certainly not less and may be greater. The number grows moreover as one travels from East to West; in California about two-fifths of the high schools are reported to be giving work in economics.¹ This work consists in the great majority of cases either of commercial geography, economic history, or the principles of economics. If possible, all of these subjects should be taught; but if it is found that there is time for only one, economics it is believed, should be that one. As commercial geography and the history of commerce are to be discussed by other speakers, this paper is confined to the consideration of the desirability of having the principles of economics taught in our high schools.

¹ Stuart Daggett, "Method and Scope of High School Economics", in *The History Teachers' Magazine*, 3:172.

Various objections have from time to time been raised against the teaching of economics in the high school, of which the one which has apparently had the greatest weight in excluding this subject is that the curriculum is already crowded and there is no room for it. This contention has undoubtedly delayed the introduction of economics into many schools, but if what has been said as to its importance is true there can be no doubt as to its desirability. The usual allotment of time for this subject is five periods a week for a half year in those schools where it is given at all. When this is compared with the full year given to algebra and geometry or the three to four years devoted to a language, it is clear that the ordinary high school course would be greatly broadened and enriched by making room for a course in economics even at the expense of the older disciplines. In my own experience as a teacher of economics I have been impressed by the eagerness with which the average student approaches the subject when he is given an opportunity to elect it.

Another objection relates to the lack of teachers and their unpreparedness. Unfortunately the first difficulty is being accentuated at the present time. The low salaries paid our public school teachers, utterly unrelated to the value of their services or the cost of living, has resulted in a dangerous decline in the number available, especially among the better-trained teachers. The lack of training in economics was being rapidly cured by the colleges before the war, and they may be trusted to prepare the next generation of teachers adequately for their new tasks.

It is frequently urged that the subject matter of economics is too abstract and difficult to be grasped easily by high school students. It may be conceded that it would be inadvisable and confusing to introduce a fourth year high school student into the controversial realm of economic theory, but this is not necessary. There is a large body of economic doctrine upon which there is general agreement which is easily within the grasp of even an immature student, and there are several excellent text-books which present this material in teachable and understandable form.

Another difficulty has to do with the mental attitude of the student. In the case of chemistry or physics he approaches the subject with a fresh and open mind, but in the case of economics even the youngest student is apt to possess preconceived ideas or prejudices. It must be confessed, however, that economic miscon-

ceptions are by no means confined to young people of high school age. Among these may be cited the "lump of labor" theory that there is just so much work to be done and that if some men work overtime or produce too much, there is so much less employment for other men; or the idea that extravagant expenditure is a good thing because it gives employment to labor and puts money in circulation; or the notion that trade which is advantageous to a foreign nation must be regarded with suspicion by us; or that we can under present conditions expand our exports indefinitely without increasing our imports.

Finally there is still difference of opinion among teachers themselves as to the best method of teaching economics. Some teachers insist that the students should study only descriptive material and make their own generalizations; in other words should follow the inductive method. Others prefer to give the principles to the students first, and then confirm and verify these by reference to facts. To the speaker the latter seems the preferable method, and the one likely to obtain more lasting results. A clear line of demarcation must be made between investigation and teaching. It is the duty of economic science to reduce the knowledge gained in this field to scientific generalizations, to convert the experience of previous generations into working principles for this, and it is the duty of economic education to present these principles in teachable form. High school students or teachers are not expected to advance the frontiers of human knowledge; they are fortunate if they can master the principles already ascertained.

A highly successful teacher¹ of economics has stated that it should be the aim of the elementary course to ensure that the "students carry away with them a body of economic doctrine which has a high degree of definiteness, which is held with a firm and certain grasp, and which is, in some measure at least, available." Students thus equipped would be able to apply the principles to concrete cases in after life and to defend with reasonable effectiveness the economic truths they have learned.

The most valuable lesson which can be learned from a study of economics, in the opinion of the speaker, is that of social solidarity and of the economic interdependence of all classes of society. By this is not meant a sentimental insistence upon a non-existent har-

¹F. M. Taylor, "Methods of Teaching Elementary Economics at the University of Michigan", in *Journal of Political Economy*, 17:688.

mony of interests, but rather an appreciation of the absolute interdependence of the different factors of production in spite of real conflicts of interest in the distribution of the product. We are all members of the same body.

In times of discontent like these there is danger that some classes or groups will flout economic principles and place in danger our social institutions. On the other hand vested interests may oppose desirable reforms and by so doing inflame opposition. To both these extremes economics is a useful antidote. If disaster is to be averted sane councils based upon careful analysis and comprehension must prevail. Right thinking is a matter of education. The world has recently witnessed an object lesson in the power of education. In a single generation the school teachers of Germany were able to change completely the ideals and aims, if not the character, of the German people. The power which was there utilized for ignoble ends could surely be directed in the United States to the development of noble social ideals and cordial industrial relations. And who can doubt the success of such efforts if effectively begun in our public schools and carried systematically through our institutions of higher learning? Surely such a sustained effort would be preferable to the periodic and spasmodic attempts we make to educate the whole electorate on some vital issue during the heat of a single campaign.

The bearing of adequate training in economics upon the subject of foreign trade is obvious. No branch of economic activity makes greater demands for accurate knowledge, trained judgment, and adequate preparation. Foreign trade no longer consists of semi-piratical expeditions like those of Drake and Hawkins, or of purely speculative enterprises like that of Bassanio in the "Merchant of Venice"; it is based rather upon thorough and up to date knowledge of markets and market conditions, upon enterprise, and upon ability to meet the competition of all the world in quality and price of goods, in skill in selling, and in terms of sale. The man with sound economic training, other things being equal, can best meet the high demands of American business men to represent and extend their interests abroad.

Owing to the leading position which the United States holds in the markets of the world it is the first duty of the educational system of the country to give the young men in our high schools and colleges the training which will fit them to occupy the positions

now opening. To the degree in which this problem is met and solved will depend in considerable measure our future commercial expansion and development. (Applause.)

CHAIRMAN HATFIELD: Those of you who come from the East I am sure are already acquainted with the remarkable work which has been done at Georgetown University in preparing people for the foreign trade. Even some of us who live on the Pacific Coast have had an opportunity of gaining somewhat of the advantage of that school, for some of our students have gone to Washington to attend the Georgetown University. It is with pleasure that we welcome Edmund A. Walsh, Regent of the School of Foreign Service, Georgetown University, who will address us on "Adequate School Training in Commercial History." (Applause.)

ADEQUATE SCHOOL TRAINING IN COMMERCIAL HISTORY

By EDMUND A. WALSH, S. J.

Regent, School of Foreign Service, Georgetown University

A certain writer, who has also been many years in public life, was asked not long ago, "How do you, a busy man, manage to keep informed on current topics and present-day tendencies? Do you rely on the newspapers?" He replied: "I take down and re-read the History of the French Revolution." The political and economic implications aside, as evincing a deplorable lack of confidence in the stability of American institutions, the lesson in methodology conveyed by this pessimistic utterance is worthy of serious thought, not only by interested participants in the Educational Session of this Convention, but by all thoughtful men who have learned to approach new problems with open minds and observant eyes.

Standing today at the golden gateway of that mighty ocean whose vast expanse of water, covering half a world and touching the shores of four continents, is symbolical of the immeasurable trade possibilities awaiting development, we need no prophet's vision to see the star of commercial empire rising over the United States. We have been enriched in a material way beyond the imagining power of minds uninfluenced by the effects of the world catastrophe

from which we have recently emerged. Have we been enriched intellectually and spiritually to the same degree? Embarking on a huge program of commercial expansion, have we read aright the lessons that History can teach? Having entered upon the stage of world-politics and world-commerce, we assume world-wide obligations and we should be recreant indeed to our high mission, if, in ruinous conceit, we turn our backs on the wisdom streaming across our path from that beacon light in human progress, the history of past ages.

THE FUNCTION OF HISTORY IN COMMERCIAL EDUCATION

History has been likened to a looking-glass wherein, from age to age, mankind may see itself and its unchanging, recurrent characteristics. But a looking-glass is useless to a blind man. And we shall be but blind climbers toward the heights of commercial eminence if we permit the glamour of our present economic advantages to distract us from conning the pages whereon is written many a latent warning to the new Colossus of the West. No more important function, it seems to me, can be assigned to vocational educators than this remote preparation for an intelligent solving of the problems of today and tomorrow by minds not only trained in the technique of foreign and domestic commerce but liberalized by habits of comparison and analysis.

DEFINITIONS

In approaching the fascinating but exceedingly difficult question of the adequate teaching of Commercial History, it will be imperative on the teacher of orderly methods to determine the precise meaning and scope of his subject. Above all will it be necessary to premise a clear definition. What is History? What is Commerce? What is the History of Commerce?

Volumes have been written on the true meaning of History, but it will suffice for our present purpose to cite three of the significations commonly attaching to that term:

1. *Annals or Chronicles*: A record or an accumulation of facts related with but little regard to their relative importance and with complete subservience to their succession in time. Such records, properly speaking, furnish the materials of history. Such are the works of Herodotus,

Froissart, Ploetz, "Epitome of Universal History," and the New York Times' Current History of the War.

2. *Critical History*: A criticism of historical narratives, an investigation into their truth and reliability. It is an examination of sources and other historical data. The result is not strictly History, but a History of History.

3. *Philosophical or Reflective History*: A systematic record of past events with careful attention to their importance in and influence on civilization; their causes and consequences. From the vast mass of recorded facts, which in themselves are dumb, the skilled historian of this type selects and emphasizes what is pertinent and characteristic. It is the thoughtful consideration of History.

So much for the primary concept of History.

Commerce, in its essential denotation, scarcely needs definition in an assemblage of merchants and traders. It will be helpful, however, to focus attention on certain of its connotations. Our English word, Commerce, is a derivative from two Latin words meaning an exchange of merchandise which ultimately must be drawn from one or other of the three kingdoms of nature. This exchange is necessitated by the structure of the globe, for as the old Latin saw has it, "*Non Omnis fert omnia tellus*," "*Not every land produces everything*." Commerce, therefore, scientifically analyzed, implies acquaintance, not only with the staple commodities of world trade, but with Geography, Social and Political Economy, mercantile and industrial occupations, currencies, weights and measures, fiscal systems and exchange, accounts, legal and commercial usages in the different countries, transit and transport, insurance, securities of all varieties, and consular practices. The History of Commerce, consequently, if we combine the two separate concepts, may mean several things:

1. It may mean a mere chronicle or record of international exchange with little or no reference to, or interpretation of, the forces that contributed to the commercial development or decay of nations and communities. Obviously, such a treatment of an intensely practical subject is futile as a guide for constructive action. "Facts," says Macaulay, "are the mere dross of History. It is from the abstract truth which interpenetrates them and lies latent among them, like gold in the ore, that the mass derives its value."

School instruction chiefly concerned with the communication of a great profusion of facts and dates may impart much knowledge but it will instill little wisdom.

2. Or, your History of Commerce may be a scientific evaluation of the sources of information, i.e., critical history, a History of the History of Commerce: Needless to say, such knowledge of our subject is not demanded for High school or College students, but has its proper place in professional schools devoted to the training of teachers.

3. Finally, it may ascend to the dignity of philosophical or reflective History and narrate the development of civilization from the commercial point of view. In other words, it may and should become what one commercial historian and teacher who has grasped the true meaning of his chair has described as *a study of commerce in history in order to see the many reciprocal relations between commerce and the other elements composing various civilizations*. If History be Philosophy teaching by example, the lesson is wasted if principles of conduct be not deduced. These principles are the grains of gold deposited by the stream of human events on the sands of time. Not indeed that the most astute statesman can infallibly predict of men or nations that, under given circumstances, they will pursue a certain mode of action. That would be to eliminate the influence of free will in human activity, which is economic determinism, unproved and unprovable. But, inasmuch as History is the manifestation of man's nature in action and since that nature is radically unchanged, it is not unreasonable to expect that an illuminative knowledge of the past will save us many a bitter experience under similar conditions. He was a shrewd observer who wrote: "A man who does not know what has been thought by those who have gone before him is sure to set an undue value upon his own ideas."

PEACE PROBLEMS

And when was there greater need of forming trained minds who shall be our leaders of public thought and international commerce in the future? The events of the four years beginning with the scenes on the floor of the New York Stock Exchange in July and August, 1914, have taught us the very definite lesson that the nations of the world form one huge family whose interests are common and whose members are, to a greater or less degree, reciprocally interdependent. We have realized as never before that

the delicate fabric of the world's business is woven almost without a seam and that the tranquillity and prosperity of practically all peoples are bound up with the course of events beyond their own territorial waters. No student of international relations will require proof of the proposition that in the correct economic interpretation of history lies the key to progressive statesmanship and sound commercial policy.

FIRST YEAR COURSE

Having thus determined the proper content of the course in Commercial History, we may with clearer perception of our duties approach the question of method. It seems to me inadvisable to introduce the History of Commerce much before the last year of the High School, as the proper appreciation of the course handled as Reflective History supposes a maturity and mental development not ordinarily to be expected in the lower classes. At this point, we are confronted with a perplexing problem not unknown to educators who have wrestled with programs and schedules of studies. Many students—far too many, as the late war taught us—end their education with the High School, while a smaller but growing percentage continue to College and professional schools. A program constructed for the students who intend to continue their education at College needs not be so compressed as that designed for the less fortunate graduate who ends his education with the delivery into his hand of his High School diploma.

It ought not be difficult, however, in one year to present a fruitful study of Commerce in History especially from the ethnographic and geographic viewpoint, in such perspective as to be of practical value. But in order to accomplish this, the teacher must himself have so mastered his subject that he will have acquired a broad vision of the influence of Commerce in History. He must, like Euripides, have seen life steadily and seen it whole. Adequate preparation and analytic reading of such works as Cunningham's "Western Civilization," Seligman's "Economic Interpretation of History," or Ashley's "English Economic History" will have convinced him that the attainment of commercial supremacy has been the result of six concurrent factors:

- a. Strategic geographical location with respect to trade routes. Business centers develop at cross-roads. In

New York, for example, where cross-town cars connect with Broadway or Bronx subways, you will find business centers. So has it been in History.

- b. Natural resources and easy access to raw materials.
- c. The skill of native artisans in producing, better than any one else, some commodity which human beings wanted.
- d. Foresight and tenacity in founding colonies and acquiring trading posts.
- e. He will find written large across the pages of History that every nation which has achieved commercial supremacy not only develops and fosters a dependable merchant marine but uncompromisingly protects its trade routes, merchants and ships against all aggression. The tremendous influence of sea power on History, first scientifically analyzed by a great American strategist, Captain A. T. Mahan, has been vindicated over and over again, never more convincingly than during the years that tried men's souls, 1914-1918. Rightly, then, have production, shipping and colonies been termed the three links in the chain of influence.
- f. Banks and such credit facilities for public and private finance are the sinews of peace as well as of war. A fiscal system founded squarely on wise policies, agricultural, industrial, and the like, has always been the chief resource of governments that have risen above the average in commercial prestige. The discerning management of credit accruing in the normal commercial processes has ever distinguished those nations whose merchant class has realized the ultimately decisive value of fluid financial resources. Not to speak of instances near to hand, the History of Public Finance in ancient Alexandria and Byzantium, in Holland and in the Italian City-States of the later middle ages will furnish innumerable instances of the operation of this economic factor.

"Money," writes Lord Haldane, "stands in much the same relation to the commercial organism of the world as the nervous system does to the human organism. . . . Money represents that power, that influence, whatever it may be, which conveys these communications through the nerves, by which the world-mind is able to send out impulses and messages to every part of the commercial organism."

The traditional division of the subject into Ancient, Medieval, and Modern Commerce will furnish a convenient starting point. Empires, it would appear, held commercial leadership one at a time in ancient days; hence, within a given epoch they may be treated successively. But in modern times they have flourished, or attempted to flourish, simultaneously; hence, must be treated contemporaneously and comparatively. Free use should be made of maps, models, photographs and other aids to visualization. Thus, an exemplification of the importance of geographical location (Factor "a"), may be found in the case of ancient Tyre, the leader in trade and industry fifteen hundred years before the Christian Era. The reasons for this proud eminence may be shown by the aid of selected maps such as those published by Denoyer-Geppert Company of Chicago, The Hammond Company of New York, Rand-McNally of Chicago, and The McKinley Publishing Company of Philadelphia.

Tyre, the chief city of Phoenicia, was geographically a cross-road for the traffic of the Ancient World. Situated at the extreme eastern shore of the Mediterranean, at the gateway to that great sheet of water two thousand miles long lying in the center of the chief land mass of the globe, Tyre connected the water-borne traffic of the Mediterranean with the caravan routes of the Palestine, Syria, the Tigris-Euphrates valley and Babylon. To the north the caravan routes led to Armenia, Greece and the Caucasus, while the southern trails led to Arabia, Africa and India. Small wonder then that the splendor and the wealth of the Orient poured into Tyre where these overland routes converged and were linked up with the sea-lanes to western Europe.

The same forces that operated to make Tyre a commercial center for upwards of a thousand years bid fair to retain for the port of New York the lion's share of world traffic today, because the Hudson and the Erie Canal make Manhattan a natural cross-roads between Europe and the interior of North America. And

thus the first factor in commercial development would be exemplified historically and radicated in the minds of the students as a sound principle for future commercial policy. Not, indeed, that exclusive monopoly is longer possible in these days of highly developed transportation facilities; but where the geographical location is properly supplemented by easy clearing facilities, the natural advantage is more quickly capitalized and more securely retained.

SECOND YEAR COURSE

In the case of the student who continues on to College or Schools especially devoted to training for Foreign Trade, the possibilities are finer still. Presupposing the general survey of the whole field such as outlined above, he now ought to begin a detailed study of the Economic Resources and the Foreign and Domestic Commerce of the United States, in much the same way that a lawyer, after his general course in law, specializes in Admiralty Law or Corporation Law. By an admixture of the lecture method and the *cours pratique*, the practice course, he should be stimulated and trained to methods of historical investigation. Supplementing the classroom work, which may be based on such texts as Dr. Bogart's "Economic History of the United States" or a digest of the "History of the Foreign and Domestic Commerce of the United States" edited by Dr. Emory R. Johnson, selected topics should be assigned for original research and report. These assignments, made to individual students, should be reported on either as class exercises or in extra-academic meetings presided over by the Professor and at which, because of their freer and unconventional character, the common enthusiasm may be directed into very practical channels. In these meetings the student is a worker, no longer a mere recipient of another man's thoughts, but an investigator, a discoverer and a creator.

SELECTED QUESTIONS

In addition to the topical questions suggested abundantly in Dr. Bogart's book, I should recommend selected subjects like the following which will coördinate the conclusions gleaned from the general survey of the previous year and apply the lessons to the best interests of the United States in her foreign trade policy:

1. The influence of consuls in the development of Commerce. Venetian consuls played a most important part in the commercial history of the republic of Venice. Historians tell us that the Venetian ambassador to the Court of Elizabeth was one of the best informed minds of that period. Our own Consular Service and its function in trade promotion might be made the subject of a comparative study. Likewise the excesses in consular activity which contributed to the ruin of Germany.
2. The reasons for the formation of the Hanseatic League and the development of its sea power as the bulwark of its commerce. Here again Captain Mahan's books on "Sea Power" will be invaluable.
3. The influence on England's commerce of the "*Navigation Act*" transferring her overseas commerce from foreign to native shippers. But long before Cromwell's time, another far-sighted English ruler taught us a valuable lesson for we read in History that Athelstan in the tenth century rewarded traders by conferring nobility upon those who "*fared thrice over the sea with a ship and a cargo of his own.*" And the great Cardinal Richelieu removed the prohibitions which had prevented French noblemen from engaging in commerce and forbade the exportation of French merchandise, except salt, in foreign vessels.
4. The reasons for the decline of Spain as a commercial power and the intensely practical lessons to be derived from the vicious fiscal system which allowed the influx of precious metals from America to grow into the "silver fever" rendering all classes of society indifferent to the development of home industries, without which there is no permanent prosperity.
5. The great trading companies that spread English influence so marvelously, i.e., The East India Company and The Hudson Bay Company. No better examples can be found of English colonial policy in its relation to commercial development,

USE OF BIOGRÁPHIES

One of the most valuable lessons Carlyle ever taught was that the history of what man has accomplished, is at bottom the history of the great men who have worked here; and that all things which we see standing in this world are properly the outward material result, the practical realization and embodiment of thoughts that dwelt in the great men sent into the world. The roots of national greatness are great thoughts. It is the individual that counts. It was Cæsar and Napoleon and Nelson and Cosmo Di Medici and Colbert and Strathcona and Hamilton and Jefferson and the other empire builders who made History. Therefore, concurrently with the study of nations and trade developments the student should steep himself in biography. There he will see the human soul at work and learn that all progress, all advancement towards perfection, is the reward of obedience to high ideals and that degradation is the penalty of resistance to those ideals.

THIRD PERIOD

Granted that the student still has room with his other studies for further investigation and historial research, a third period might be devoted entirely to tariffs and commercial treaties, in such a course as Dr. Culbertson of the Tariff Commission is conducting at the Georgetown School of Foreign Service. This is mainly of an advanced nature and should not be attempted without the background afforded by the courses already outlined and by Economics. The headings of Dr. Culbertson's course, together with a study outline and references, are reproduced in that valuable publication of the Bureau of Foreign and Domestic Commerce, Bulletin No. 97 on Training for Foreign Trade. Here again the classroom work should be supplemented by assignments for research and report. Dr. Culbertson has already laid the foundation for much constructive original work among his students by placing himself at their disposal for consultation and direction one hour a week over and above the lecture period.

As specimens of the kind of topics that induce profitable historical inquiry may be cited the Methuen Treaty negotiated in 1703 by the British Minister of that name accredited to Portugal. It was a masterpiece of British commercial policy and a striking

illustration of the spirit of commercial diplomacy. It strengthened ties that have remained inviolate to the present day.¹

CONCLUSION

If the claims of commercial History as an instrument to fit students of commerce for their duties in modern business organizations are to be substantiated, it is clear that the subject must be made to live and speak in no uncertain terms. But it will speak plainly and authoritatively only as the teacher possesses both authority and confidence. The past is dead; it is only the present that lives. Consequently, to remove the obstinate prejudice that exists in some quarters against such scientific training for foreign commerce as we have advocated here to-night, the educator must himself have learned wisdom from the past and schooled himself by laborious preparation to distinguish the deep and permanent principles of economic History from the shallow surface-stones that speak only of quick gains and huge profits. He will be true to his calling only as he teaches mankind to fasten on abiding issues and rescues them from the lure of the temporary and the transient. (Applause.)

CHAIRMAN HATFIELD: In every institution there has been an attempt to teach commercial geography. There has appeared in

¹“The text,” says Mr. Charles M. Pepper, former Foreign Trade Advisor to the State Department, “is blunt, and affords refreshingly frank reading in contrast with the stilted phraseology of ordinary treaties of friendship and commerce, or of special commercial conventions, with their long preambles and their high-sounding declarations.”

Art. I. His Sacred Royal Majesty of Portugal, promises, both in his own name, and that of his successors, to admit, forever hereafter, into Portugal, the woolen cloths, and the rest of the woolen manufactures of the British, as was the custom, till they were prohibited by law; nevertheless upon this condition:

Art. II. That is to say, that Her Sacred Royal Majesty of Great Britain shall, in her own name, and that of her successors, be obliged, forever hereafter to admit the wines of the grape of Portugal into Great Britain; so that at no time whether there shall be peace or war between the kingdoms of Britain and France, anything more shall be demanded for these wines by the name of custom or duty, or by whatsoever other title, directly or indirectly, whether they shall be imported into Great Britain in pipes or hogsheads, or other casks, than what shall be demanded for the like quantity or measure of French wine, deducting or abating a third part of the custom or duty. But if at any time this deduction or abatement of customs, which is to be made as aforesaid, shall in any manner be attempted and prejudiced, it shall be just and lawful for His Sacred Royal Majesty of Portugal, again to prohibit the woolen cloths, and the rest of the British woolen manufactures.”

recent years a new effort at teaching commercial geography, and it has been known as the Chattanooga attempt at teaching commercial geography. We have one who will explain to us something of the successful attempts that have been made to introduce something new, Mr. Emerson Lucas, South American Agent, Southern Railway System, Chattanooga, Tennessee.

I think we have all enjoyed very much the talks of Dr. Bogart and Father Walsh on economics and the adequate way in which foreign trade should be taught, and I want to bring to your attention a plan which has worked out quite successfully, particularly in cities that have not yet started schools of commerce or schools of foreign trade.

FOREIGN TRADE GEOGRAPHY IN OUR SCHOOLS AND COLLEGES

By EMERSON LUCAS

South American Agent, Southern Railway System, Chattanooga, Tenn.

The teaching of geography in our schools and colleges should be brought down to a more practical basis, for in education, as well as in all other interests of present day life, the practical enters more and more into our general scheme. With the rush of our present mode of life, concentration of effort is the theme of the day; and while I understand fully the necessity for carrying on education based on pedagogic theory, the practical and commercial, by necessity, comes to the fore.

In my school days, to my mind, the methods of studying geography consisted principally in the feat of naming all the States in the Union, bounding them, the capitals, and on what river located. As to foreign geography—outside of the countries, their capitals and some of the principal cities, with a few of their products thrown in—there was not much else to make a lasting impression. My interest in foreign trade and foreign trade geography started in my school days, thanks to my being fortunate enough in having a teacher of physical geography, who made his subjects interesting and lasting on the minds of his students, by practical examples and demonstrations of things and conditions effecting the

physical nature of the countries, and with it all, he brought in the commercial.

By handling the teaching of this interesting study in a more entertaining manner, one will find, I am sure, that the appeal will be more forcible to the imagination of the student; and if we can hold that interest, much has been gained.

With this thought in mind, it is my desire to show how foreign trade geography can be made more practical in its teaching. To be more specific, I will cite an instance where this thought has worked wonders; and with a larger appropriation of funds, will be made still more thorough. It has been found the idea has spread, with success, wherever tried.

Chattanooga, Tennessee, and its immediate suburbs, or the Chattanooga District, as it is called, comprises 110,000 inhabitants. It is one of the largest manufacturing centers in the Southern States. Its *diversity* of manufactured products has given it prominence in export trade. Its diversity of raw products and manufactured goods exported, is greater than any other city, not merely in the South, but almost any other in the United States. Chattanooga began exporting within twenty years after its foundation—a record no other old city can show.

This has meant that with the movement of her products throughout the World, her inhabitants have become broadened by contact with foreign trade markets. Consequently, Chattanooga will be found all over the face of the Globe.

This has also meant that her firms are entering more and more into the export trade; and they early demanded the formation of a Foreign Trade Committee for her active Manufacturers' Association, which works in close harmony with the educational as well as the commercial interests of this progressive center. Her great interest in foreign trade led the Southern Railway System, the largest in the Southern States, to open in that city a South American Agency for the development of South American and other foreign trade throughout the South. This is the first South American Agency ever established by any railroad in the United States, or, so far as is known, in the World.

Combining the commercial with the educational, that road brought to the attention of Chattanooga's School Commissioners and the Superintendent of Schools the idea of teaching foreign trade geography in a thoroughly practical way. The plan was to

furnish the classes with maps of the World, and by tracing the routes, to teach the students the origin of the raw products used by Chattanooga's manufacturers. As an example, the herbs used by the Chattanooga Medicine Company, who are manufacturers of Cardui and Black Draught, are imported from Europe. These shipments are traced from their source. Instruction is given as to the methods used in gathering and selling them, the character of the peoples in the countries where they are found, their language, their customs, etc. The shipment is then followed to the seaboard, thence via the steamship lanes to the ports of the United States. They are instructed in the method of handling on board ship, and at the port of entry; and how the shipments are transported, whether by water or rail, or both, to Chattanooga. Then the pupils are taken to the plant of the Chattanooga Medicine Co. and shown the process of manufacture, in detail. Methods of selling the manufactured products are dwelt upon, such as advertising, etc. It has been found this method is of great interest to the student, and has given encouragement to teachers, who have become much interested and enthused over the plan.

Whenever possible, talks are made by those interested in the sale and manufacture of Chattanooga-made products. Commercial attachés of our Government, on leave in this country, have been secured. Trade Advisors, and men and women who have just returned from foreign lands are used in this plan—for all factors in the city seem to be working in accord on this particular idea. These visitors not only talk to the business men at special meetings, or by calls upon them, but they are taken to the schools, and the students are given an opportunity to learn first hand, interesting facts from many lands.

Trade papers relating to foreign trade subjects, the *Pan-American Bulletin*, magazines and papers carrying foreign trade articles, are used. Until the beginning of the great war, the railroad which I have the honor to represent published monthly a small magazine relating to the opportunities before manufacturers for entering foreign trade. This was used in the schools, as well as by manufacturers, commercial organizations, etc. It is surprising how many-fold this bread cast upon the waters came back.

Then after a thorough handling of the raw product, its method of manufacture, etc., the reverse is made of the study. The manufactured product is followed to the ultimate consumer, via the trans-

portation lines, stopping on the way for instruction as to banking methods, currency, packing, sales, etc. You understand, of course, this method would consume too much time if handled in detail; but the students are given a general idea of matters concerning their city's commercial interests, which will undoubtedly be of help to them in later life.

An effort is made to give employment to students on part time, and in the summer months, on full time, in the industries of the city. I have in mind a large corporation manufacturing oil well and drilling machinery, doing an enormous export business, who take all the young men they can get. Other cities can do the same thing, and I assure you it will mean a quickening of interest in foreign trade matters. The fact has been demonstrated too often to be a doubt.

Now, educators with whom I have talked state that in their opinion the method is good both theoretically and practically, and I believe the plan can be handled with entire satisfaction anywhere. The colleges and universities have the opportunity to develop this plan from a state-wide standpoint.

This method, which is called "The Chattanooga Plan for Teaching Foreign Trade Geography", has been carried even further, and we now look for the fulfillment of our greatest hopes. Due to our geographical location, Latin-American trade has appealed more extensively to our manufacturers, although trade with Europe, the Orient, etc., is great.

Spanish has become a popular study in the Chattanooga city schools, as well as in her private institutions of learning; and the suggestion has been made to the instructors that their pupils be made conversant with the localities to which Chattanooga-made goods find their way throughout the Latin-American nations. To further this idea, several months ago we conceived a plan whereby the Public Library, the Manufacturers' Association, the schools and the railroad might benefit the community.

We secured from the Library a list of all their books and other literature relating to Latin-America, even to pamphlets of our Government and the Pan-American Union. Through the co-operation of the Manufacturers' Association, this list was printed in a neat folder form.

Then with a special letter to the manufacturers, whom we knew were exporting to Latin-America, these lists were sent, with the

request they be placed in the hands of their office employees having to do with their Latin-American business. These lists were also distributed by the Library, to the private and public schools; and for a week the city observed what was termed "Latin-American Export Week." The Library carried on special display all their books and other literature. A map of Latin-America was mounted, and by the placing of tacks, the destinations of Chattanooga-made goods were shown. The press co-operated that week by carrying articles relating to this subject. One lady, an artist, became so enthused that she painted a beautiful poster to give publicity to the Library's exhibit. This poster was later sent to the Detroit Art Exhibit, and received most favorable comment. This latter statement could be carried further so as to encourage the artistic talent of a locality by competitive work.

The success of "Latin American Export Week" was wonderful, and the librarians state there never was such a call for books of a special nature. I am pleased to say this demand is keeping up; and as an instance, Olney Hough's "Practical Exporting," which you all know, is out continually. Recognition of this work has come, for the great industrial city of Birmingham, Alabama, has made inquiry as to this plan, and I was advised just before leaving for this convention that "Latin-American Export Week" will be copied there, and even enlarged upon.

This idea need not apply to Latin-America, but to the Orient, or any other section of the World; and it all has to do with foreign trade geography. The business man can be taught much concerning foreign trade geography that never came to his attention during his school days.

Now I want to urge upon those of you in this audience who are patriotic, who are vitally interested in the success of our export trade, be he educator or cold business man, to take those suggestions under consideration. The minds of all students should be trained in knowledge of the peoples of the World and their methods; in the economic, as well as their social and political history. This plan, as I have said before, is practical as well as theoretical, and I am sure will be the means of placing on a more firm footing our future export history.

I feel sure few of you will disagree with me when I say that the future of the business life of our nation is based on our ability to develop and to hold our export trade. The recent great war

exemplified the principle of service, and this principle of service can now be continued by the saving of our country commercially, as we have done politically. What greater thing can this generation do than save their nation commercially. (Applause.)

CHAIRMAN HATFIELD: In the discussion of these topics which follow, I have been directed by the management to set a limit upon the speeches. A written speech has some definite end to it but an impromptu speech may go on somewhat indefinitely, and in order that no one may feel hurt, I will say that the limit of seven minutes has been set and at the end of six minutes I will indicate by a tap so that the speaker will know there is still one minute more. I hope that this will not be taken personally but that you will look upon me as an irresponsible alarm clock and act accordingly. The first speaker will be Everett W. Lord, Dean of the College of Business Administration, Boston University.

DEAN E. W. LORD: I have enjoyed listening to these papers to-night, although I have wondered whether I was in a foreign trade convention or an educational meeting, as there seemed to be more school matters than the direction of that work towards foreign trade. One thing that impressed me was that the teaching of economics and history in their bearing on foreign trade should be brought out more fully.

One of the things we should attempt to teach is that the feeling of superiority on the part of the American people is not real. We should impress upon our people the fact that the economic life, history, geography and the whole life of other people is as worthy as that of our own. We should attempt to show them that we haven't all the virtues and all the blessings of the earth. If we can do that, we shall do much to advance our foreign trade possibilities.

I want to say a word or two about the work which we are attempting in Boston at the University. We, too, are directing our attention largely towards Latin-America, although not limiting it to that. In the attempt to make it extremely practical, we have done something which I think is new in educational work. We have established in Havana, Cuba, with the co-operation of a board of fifty Cuban business men, a branch of our University, a fully-equipped college of business administration, carrying the full program which we carry in Boston, but the subjects are largely in Spanish.

According to our plan, students who wish to take this course may come to Boston, spend a year or two in the regular program, but specializing in Spanish with some study of the history, literature and life of the Latin-American people, and then they go to Havana and carry on their work for a year or two. The students in Cuba may enter the college there, spend one or two years and then come to Boston for the completion of their work.

We have worked this out with a great deal of care and have a board of guarantors consisting of fifty of the most prominent business men of Cuba, headed by the President of the Republic, the largest banks in the city and all the large business houses. We expect to have a very practical scheme by which students may learn the life of a foreign people, may live among them, learn the language and the customs and come back to this country or go to other parts of the world, especially to Spanish-America, and there carry on the lessons which they have learned.

We believe that foreign trade can be taught only by direct application, and having this as a starting point, we are reaching out a little further and now have under consideration a similar establishment in China where we hope to carry on the same kind of work. The rest of the world, I hope, will come in time. (Applause.)

CHAIRMAN HATFIELD: Mr. Will A. Pairs of Des Moines is not present. Mr. J. W. Thomas, of the Great Lakes Trust Co., Chicago, will read his paper.

MR. J. W. THOMAS: I received a letter from Mr. Pairs asking me in his absence to present his paper. I might say, ladies and gentlemen, that Mr. Pairs is a very practical business man. His home is in Des Moines, Iowa. He has introduced the products of his concern all over the known world, including Africa, China, Australasia and India, therefore the suggestion which he makes here, which is a suggestion rather than a discussion, carries with it the force of the experience of a man of about twenty-five years in actual contact with constructive work of merchandising abroad. You will also note that the article was written three weeks ago, which accounts for a certain suggestion relative to the country on which he is treating.

"Opportunity knocked at the door but the occupant was out in the back yard looking for a four-leafed clover."

This is about the situation Mexico is in to-day in our foreign

trade; overlooked, or if not forgotten, not considered of sufficient importance to many exporters, who must seek the far field for his endeavors.

This, despite the fact that some fifteen million people are only across the line, and whose borders are bound to the United States with seven bands of steel.

These fifteen millions next door all want to buy our merchandise, if same can be done on as favorable terms and prices as are given them by Continental and English houses.

It will be twenty-four years next July since I first visited the great Republic south of us. At intervals since, I have revisited Mexico and renewed my acquaintance with that wonderful country.

It was my pleasure on my last trip, February of this year, to attend the first commercial convention held by an American Chamber of Commerce in a foreign country, as a delegate from Iowa.

I noticed many changes since my last trip some two years ago, and all for the better. The stores carry a finer assortment of merchandise; the people are prospering. The Peon class are buying a class of merchandise to-day that a few years ago would have been impossible. The yearly migration of thousands of this class to Texas, Arizona, New Mexico and Louisiana to work in the cane and cotton fields and vegetable gardens, means that new ideas have come to them, new desires created; and when in the fall they return home, these ideas and desires return with them.

It is my firm conviction that Mexico to-day possesses greater possibilities than any other country in the world. It is on the verge of a great boom. The people, one and all, are tired of the unrest that has been with them for several years. They are tired of warfare, and while it may be years before there is a real stable Government, still it is coming.

The reports that come to us, and appear in our papers, are in most instances exaggerations, same as what we read in foreign papers when abroad, relative to matters here in the United States. About all that appear have reference to storms and strikes, rapine and ruffianism, train wrecks and other sensationalisms.

In no part of the world that I have traveled is there such an intense desire for education as in Mexico. I do not mean the wealthy man's son, but the people of the middle class and also the Peon.

More people are to-day reading the Mexican papers than ever

before, and the papers reflect this progress by extended news service and general make-up. Each center has one or more good papers, while Mexico City is proud of her big dailies. Go along the side streets early or late and you will see some one reading aloud to a crowd who are unable to read the printed language. All of this shows the tendency of the times. The laborer who had no chance to obtain an education is determined that his son or daughter shall be able to read. The younger element is full of ambition, and it was with this thought in mind that I presented the following suggestions to the members of the convention assembled in Mexico City February 14, 1920:

Gentlemen:—

The suggestion I am going to propose is not a new idea or thought by any means.

To have a better understanding between the two great Republics, separated only by the Rio Grande, means we must become better acquainted.

The visit of the delegation from the United States and their acquaintance with you Gentlemen in Mexico will result in great and lasting good.

I do not know how many States are represented or how many different Chambers of Commerce have representatives here, but what I desire to suggest is that each delegate by personal effort and through the influence of his Chamber of Commerce endeavor to interest our State Universities in giving one or more Scholarships per year to deserving young men from Mexico, who desire an English education and who also desire to learn our methods commercially.

Please imagine what the result would be to have several hundred young men returning to their native country after remaining in our Universities two or more years. Would it not soon become a powerful factor in creating an ideal condition socially and financially for both countries?

Under no circumstance should the selections be made by political preferences, but should be made by competitive examinations, where not only mental ability, but also character and ambition be taken into consideration.

Every section in the entire Republic should have representatives and all should be selected through the man-

agement of the American Chamber of Commerce of Mexico City in conjunction with the Superior Commercial School of the City of Mexico. Of course the traveling expense going and coming as well as the living expenses would have to be paid by the student. But all fees and tuition to be absolutely free.

We all know that aside from the mental training the University life gives one, the great benefit is living day after day with men of your own age. The men that do things later on. The give and take that is demanded. It is my sincere belief that such a life for a few years would enable our Mexican young men to return home with enlarged vision and imagination.

This convention was convened for commercial purposes, but Gentlemen, there are some things more lasting than dollars.

I ask each delegate here to do what he can to further this suggestion, so that we can request the American Chamber of Commerce, Mexico City, in the near future to assist in this educational movement. Not waiting for the action of the University of Iowa, I am pleased to pledge personally the tuition of some deserving young Mexican to two years tuition at Drake University, Des Moines, Iowa, or should he prefer an Agricultural course, the same period at Iowa State College, Ames, Iowa, one of the best in the United States.

It was received so enthusiastically that they requested it be made as a formal motion. It was seconded by several Mexican gentlemen, also by John J. Arnold, many years Vice President of the First National Bank of Chicago, but now residing in California.

The Chamber of Commerce took prompt action and appointed a strong committee to prepare plans for immediate work. I was requested to meet with them to give some details I had in mind regarding this educational and commercial movement. I was very much surprised to learn that there were already many tuitions in sight.

I suggested they circularize every college and university in the United States, also all of the Chambers of Commerce to secure free tuition, and also to ask the donors of same to assist his nominee in securing employment so as to be self-supporting during his

stay in the United States. We want them to work with their hands as well as with their brain—we want them to know the true meaning of school democracy.

The ultimate result of this idea, if successful, is commercialism.

To dwell on what commerce has done for the world would mean a detailed history of all times. It has civilized—created friendship between empires—conquered Africa, Asia, and helped temper and remove the differences between the North and South in our own land.

Commercialism, combined with the educational feature, will assist materially in lowering and finally removing the barrier that exists on our Southern border.

Suppose we have cross the border next Fall one to two thousand young men, to be followed a year later by a like number or more, and so on year after year. What will it mean in a few years when they return home?

It means, as sure as we are here, a better understanding, and with this better understanding will come about a reconciliation between the two Republics—Commercialism will win out over Diplomacy. Trade will beat physical force.

How many manufacturers are there in the United States that need in their office or factory some one acquainted with the Spanish language and the customs of Latin America, before they are in a position to enter into commercial relations with that part of the world.

This educational movement will assist them in procuring such help. My own concern would be pleased to hire to-day half a dozen competent men, speaking Spanish; men familiar with our line and manner of doing business, to represent us in our South American work. It is our intention to have some of these young men come into our laboratory to work half time, going to school the balance of the day, and in this way to fit them for our special work.

There are hundreds of concerns in the United States that will be more than pleased to do likewise, if the movement can reach their attention.

It is also a certainty that if a dozen young men come to any Northern school this Fall, that twelve will act as a magnet, attracting others to come on their own account. It is the intention of the committee in Mexico to select young men from 18 to 22 years of age that have already an education comparable to our high school.

This is for the University courses, but when it comes to the commercial, to assistants in laboratory or factory work, the restrictions will not be so high.

Especially will they take care to send men who are ambitious, and men who will be a credit to the movement.

To be sure, there will be some failures, but if we, at this end, do what we can to encourage the men, the percentage of failures will be low.

We want the young man of Mexico to come to the United States for his education; to gain his commercial experience here, instead of going to England or the Continent. We feel that on his return home he will become a loyal subscriber to our country, our schools, and our commercial institutions.

Word was sent me by those high in power that they appreciated my suggestion, and that such a move would make us much better acquainted; better able to appreciate each other.

I was also advised, though not on official paper, that the Government would give free transportation to our Border for all the young men.

The contractor of a large building seeks a solid foundation to erect his structure. No slime or quicksand must lie between his foundation and bed rock. So with this suggestion or movement. I feel that the rock bottom on which we will build is extreme loyalty; thorough appreciation; and my observation has shown me that one of the most striking characteristics of the Mexican nation is the tender regard displayed by Mexican parents towards their children, and the loving affection and consideration displayed in later life by the child toward his parent.

Being conscious of this fact as a working basis, I don't think we can be taking any chances in doing our bit toward helping the Mexican young man absorb some of the benefits to be derived by living a few years in our country. (Applause.)

MR. THOMAS: I wish to add to Mr. Peairs' statement that it was my privilege to attend this same convention and conference as a chairman of the Chicago delegation, and the statements made by him are borne out by the facts. I wish to call attention to the fact that the pertinence of his comment is the present disturbed condition in Mexico. The commercial interests of Mexico are not interested in and do not participate in and never commit themselves in

connection with any of these various upheavals. The business interests divorce and segregate themselves from the political interests, and regardless of the fact that the present upheaval is going on, Mexico is going to continue to do business.

I wish to add another comment of my own. As we came along the border from El Paso to this great city of San Francisco, stopping usually at two cities each day, one of the things that was uppermost in my mind was the attitude of the people in the borderland toward present conditions in Mexico and what is now taking place there, and I must say it was a matter of great surprise and amazement to find that for once there were no two opinions on this proposition. Every inch of the way we came and every stop we made there was a uniform attitude of support toward the present movement. Thank you. (Applause.)

CHAIRMAN HATFIELD: We next have the pleasure of listening to Mr. V. H. Pinckney of the California Packing Company of San Francisco.

MR. V. H. PINCKNEY: I find that I made an interesting discovery to-night. I have been giving that Chattanooga system of physical geography to students for years. On the plan outlined by Mr. Peairs, an exchange of students with Latin-America, I wish to say that Dean Hatfield has been in the habit of sending over a great many business people every year to our company, several students, to find out in what way we can help them in the practical field of commerce. When they come over to see me, I generally say, "In what are you specializing?" and invariably it is Latin-America. I say, "Well, what are you going to ship to Latin-America from the Pacific Coast?" "Everything," they answer.

As a matter of fact, we have nothing now to ship there. We of California are regarded as a pastoral people living in a land of eternal sunshine and beautiful fruits, the fact being overlooked that here is the largest industry of its kind on the Pacific Coast, the canned and dried fruit industry.

Latin-America prohibits the import of these products, to a large extent, because of the erroneous classification in the foreign tariff schedule. Very few of the students had that brought home to them. I have invariably told them to go East, go to the Atlantic seaboard where the commerce is greater than on the Pacific Coast, where they would have diversified cargoes and manufactures.

If we could couple experience with schooling, we would be

able to send out the students who are now groping their way, more assured of success. I never look at the curriculum, particularly the one before me to-night, but what I always long to be able to take up such a course as that, because it seems to me that that knowledge applied to the experience that I have had, would assure me of success. Knowledge is power, and experience is but memory data in an intelligent mind. You have to couple those two. Let us give the experience if we can, or add the experience to the curricula of the college.

We thought this would be a good way: If we could finance the last semester of any of the students in the schools of commerce, or if we could extend the curricula from four years to five, and put the fifth year or the last semester into actual experience, we would equip those youngsters far better than they are equipped at the present time.

The San Francisco Chamber of Commerce agreed to finance the expense of sending two or more students from any university in California to a university in Latin-America, or the university would finance the expenses of students from Latin-America to California. They would go down on a ship, see how the cargoes were being loaded, see the documents that enter into the technique of foreign trade, see goods actually unloaded at certain ports on their way down, go through the customs procedure at ports of destination, following on through with the cargo itself, and enter the colleges at the most receptive point of their life. They would mingle with the people, enter into their daily lives, as it were. We would supply them with letters of introduction to every merchant in the city to which they go, and they would come back to us with a definite knowledge of something. They would find out why we on the Pacific Coast do not have the business with Latin-America that we ought to have. It would be fine if we could have an export week with Latin-America.

If you figure that Mexico has never exceeded over \$35,000 worth of canned fruits in one year as against \$35,000,000 that went to Great Britain in 1918, and if you figure that South America imported only \$140,000 worth of canned fruits, you can understand what it would mean to get a lot of bright youngsters going down there or coming up here.

We should have a different tariff classification on that product, and it would benefit the entire Pacific Coast. We are selfish in

America, but at the same time it would give these youngsters a chance to educate themselves. I was going to suggest that we make that movement national. Therefore, when Father Walsh spoke about the necessity of tariffs being studied, it applied to our products on the Pacific Coast.

It would be a wonderful thing to emphasize the necessity for study of tariffs in the colleges of commerce and the various schools of foreign trade. It is quite possible for a tariff to prevent the expansion of an industry.

The point I bring home to-night is that if we could add experience to the curricula, we would be helping that much to help the young fellows get a start in the foreign trade.

CHAIRMAN HATFIELD: Gentlemen, the meeting is open for public discussion.

MR. ALFRED COESTER (Stanford University): May I ask the last speaker to explain a little further about the erroneous classification of the canned fruit?

MR. PINCKNEY: There is a tendency in the world to eliminate or remove the restrictions on foodstuffs. The tendency is to restrict the import of manufacturers and to facilitate the import of foodstuffs. Now canned foods are foodstuffs, but unfortunately most of the Latin-American tariffs classify them as a luxury. Among those commodities classified as luxuries are gold and silver ornaments, playing cards, perfume and prepared foods. Through that mistaken classification, the idea has gone forth that canned fruits become luxuries, and therefore the tariff is assessed upon them as luxuries with the result that these commodities become luxuries and are prohibited to the bulk of people that should receive them.

MR. GEORGE S. BURGESS (Pomona College): Is that offer open to all the colleges in California?

MR. PINCKNEY: We thought we would take our natural markets and were foolish enough to believe that having initiated the movement, other cities would not like to be outdone by San Francisco and would do the same thing.

MR. HERMAN VIRDE (University of California): Mr. Pinckney said that the youngster should be sent down to Latin-America, but there is no business to be gotten now and I don't think it would be very encouraging for him to go. He should not have too many expectations when you send him down. He should be sent to study conditions and learn the language.

I haven't heard Sweden mentioned, but I can tell you that Sweden has already exchanged students with the United States. We had ten go from Sweden to the United States and vice versa. To show you what these ten students did in Sweden when I was there, they had a banquet and there were six hundred present. They exchanged ideas. The students spoke and the Americans spoke. At that same meeting the question was put up to establish a wireless station between the United States and Sweden, and I believe that will be done very soon.

I met one of the students who told me that what he had seen in Sweden he would make his life work when he went back to the United States. I believe that the exchange of students to every country should be encouraged in every possible way. It is not only what they see, but they will form connections. They formed a special students' club, and to this club belong engineers and many other students that passed through the college. They have social functions, dances, etc. They meet every week. I believe the connections these students will form then will hold for life and they will always exchange ideas. That is where we gain.

If I have one daughter and exchange her for another, I still only have one daughter, but if I have an idea and another gentleman has an idea and we exchange, he has two ideas and I have two ideas. I think that is a very good idea.

MR. WILLIAM G. MARVIN (National City Bank of New York): I am going to speak about the importance of language education. I have talked with a great many of the men from our bank who have been in South America, and I have talked with a great many men from other concerns in New York recently, for instance, the American Sugar Refining Co. and concerns of that standing. They say that we have placed too little importance on a thorough mastery of the language and too great importance on trying to get certain details regarding the nature of the market, etc. They said that after all the markets are always keeping one step ahead of printed information or anything you can study from books.

One man stated that the average American has sufficient ingenuity to adapt himself to environment and he can make up for his lack of knowledge by his ingenuity. The point is that the chief equipment seems to be the language. You say, "How are you going to get it?" Usually the only successful way to learn a foreign language is to go to the country. The American Sugar

Refining Co. made an experiment on the phonograph method of teaching language, and it was very successful. I think we will start that method soon in the National City Bank. By using the phonograph you have your instructor before you at all hours. Recently one of our men took the course on a trip to South America; and he got in thirty days more than he got in months and months of teaching. There should be every effort made to master the language before going down to the foreign countries.

CHAIRMAN HATFIELD: We have not heard much about the Orient. I wonder if Mr. Lewis of Seattle is in the room.

MR. CLANCY M. LEWIS (Manufacturers' Association of Washington): Mr. Chairman, Ladies and Gentlemen: I want to thank the gentlemen who have spoken to you this evening on the subject of education and the exchange of students. Mr. Peairs' paper is the argument and I will not take time to enlarge upon it. I will only present at this time the idea of the practical application of the various plans that have been presented here this evening.

The China Club of Seattle was organized some three years ago at the instance of Julean H. Arnold; and, like all clubs, having in it men of experience, they realized that they would have to do some constructive work. We have arrived at a definite program or method of selection. We have balanced our curriculum on theoretical and industrial work, and we have in the University of Washington at the present time fifteen Chinese students who are there under the general scheme and system that has been spoken of here this evening for interchanging students.

These Chinese students are conducting themselves in an admirable manner. They are showing their worth as students, and we realize and appreciate the fact that those men are going to be the contact between the commerce of at least the Northwestern section of the Pacific Coast and China in the years to come. I thank you. (Applause.)

MR. G. B. ROORBACH (Harvard University): Would you explain a little more in detail the method that is used in financing those students, Mr. Lewis?

MR. LEWIS: The whole matter has been explained in Mr. Peairs' paper this evening. I do not want to take the time of those who may not be interested in the question, but if you will see me in the Trade Advisory room to-morrow morning, I will be glad to

go into detail. Fundamentally, they are financed in the same manner that Mr. Peairs proposes, by captains of industry, financiers, etc. Our merchants are putting into the University of Washington industrial scholarships which at the present time carry \$600 per annum.

MR. C. H. BENTLEY (California Packing Corporation): With regard to the gentlemen who have favored us this evening, two points occur to my mind. In the first place in regard to instruction in modern languages. The interchange of these students is essential because they get a speaking knowledge of the language. I know of no college that is giving a speaking knowledge of a modern language. I have heard it said it isn't practical to do so. It seems to me that some institutions certainly could undertake something of that kind. I had the pleasure of discussing that matter with the college of the learned father in Washington.

The other question is the study of tariff schedules, in colleges particularly. The average teacher is not considering, I think, whether or not a tariff is discriminatory. In other words, if this country is getting the same tariff rate as another, we have no reason to complain. We would resent it if another country told us what tariff schedule we should write, they think; and with that position I wish to take issue.

It may be true that we get the same tariff rate on a given product as another country. Suppose the other country has no interest in that product. There may be, in effect, discrimination against this country because Germany may have been clever enough to have favorable schedules written on the products she wished to export to Argentina, for example; while we, in this country, interested in different kinds of products, may get no favorable consideration at all, and that in spite of the fact that Argentina has in her favor a large balance of trade with us. Discriminations arise not merely on a given product where the rate may be the same in all countries, but they may discriminate against one country which may not have been clever enough in its diplomatic service to see that the proper rates were written into the tariff schedule.

REV. EDMUND A. WALSH: Regarding the question of the practical teaching of languages, may I suggest that some steps are being taken to assure the educational world that the product will be very satisfactory from the practical point of view.

The institution which I represent has evolved the following

system: The language instruction shall be checked up at the end of each year in the following manner: Each of the embassies in the City of Washington has agreed to furnish one examiner; and before any student is certified as being proficient, he shall pass an oral examination before a board of three competent men; and he will not be granted any scholastic recognition unless he is able to conduct a satisfactory business transaction in the foreign language.

The following plan is being perfected: On June 18 there will leave New York a band of fifteen students for Latin-America on a boat which will arrive at a given Latin-American port. With them will go the head of the Spanish department, who on the boat, weather permitting, will give instruction for one hour a day in Spanish. This is the outline submitted to the faculty. The subject matter covered during the trip, if successfully prepared and checked up on, is equivalent to a semester credit. They will spend a month on Latin-American soil during the summer. At the end they will make a report of not less than two thousand words on the subject assigned. One month spent on Latin-American soil and the time coming and going will consume two months all told, which will be devoted to practical exercise in the Spanish language. Such a plan is now in the process of development.

MR. T. S. ROMERO (University of California): The University of California is teaching Spanish in a practical way. In New York you see people who speak Spanish because trade is centered there. These people have no time to study Spanish in the home and have no time to bother with Spanish grammar. In two or three months the pupil has a good working knowledge in Spanish. The teacher of Spanish does intensive teaching in America now. When you went to school, your teacher tried to explain astronomy and you were not able to understand him for many years. To-day you go to a moving picture show and understand how the world goes on in a few moments. If you study Spanish in a literary way, you will be disappointed.

If a gentleman sells a hat he will have a limited vocabulary to use. After he has classified the hat and can say everything about it, he will be able to sell it; and if he goes to South America and knows his own business, with a very small vocabulary he can make them understand that business; but if he tries to use literary words, each business will have a hundred thousand words. (Applause.)

PROFESSOR F. A. FOSTER (Pekin University, China): I wish

to state that Mr. Peairs could very well have substituted the word "China" for "Mexico." The conditions are very similar and we are trying to get in touch with American methods, American materials and American machinery, and we are just starting out on a large program of technical instruction which will be of a practical kind.

Already from the town in which I have been living for the last four years, I have a list of sixty students who are waiting for a chance to come to America to get practical instruction in machine shop practice and in general mechanical subjects, and I also have letters from various leading American machine tool manufacturers offering positions to an equal number of students, but there are impediments in the way of getting those students to America on account of present existing laws. There should be a change there to make it easier for Chinese students to get to America.

The French Government is making every effort to get Chinese students to France. They expect to get 6000 within a year or two. It is easy to see what the result will be when 6000 get back to China from France. Those students in China wanting to come to America will go to France and you can see where the trade is going. The easterners are going to favor the country where they got their education.

MR. COESTER: I am representing here the American Association of Teachers of Spanish. We have an association of approximately 1500 members. All of them are teachers and instructors in high schools and colleges. We publish a magazine six times a year which comes out at Stanford University. If any of you are interested, you can address "Espania, Stanford University," and you will receive a copy of our publication.

In regard to the people learning Spanish, I myself personally saw something of this in the year 1918. I was in the Argentine working for the United States Government investigating certain things. Among other things it was my business to go about investigating the exports of American goods to the city of Rosaria. It is an important commercial city. I found that over half of the goods had American labels, American names and directions in English. Take, for example, such a complicated thing as the products of the Hot Point Electrical Company, things which even an educated English-speaking man would have difficulty in understanding how to use. They were sent there with directions in English and not a word in Spanish. That is an example of how essential it is to

understand Spanish and label our exports as they should be labeled.

In regard to the number of pupils, in the City of New York alone there are some 25,000 students studying Spanish.

CHAIRMAN HATFIELD: The group on "Education" last year at Chicago, and this year as well, felt honored at having in the meeting the President of the Council. Those of us at Chicago last year remember the talk that President Farrell gave to us, and I am going to ask him to favor us with a few remarks before we depart.

MR. JAMES A. FARRELL: Mr. Chairman and Gentlemen: I came here this evening for a little relaxation and instruction, and I hoped that I might possibly pass through the evening without being called upon to say anything, because the subject that you are discussing is one about which I, with thirty years' experience in foreign trade all over the world, can learn something.

I was very much interested in listening to our friend from Chattanooga, because I visited Chattanooga the first year in which this experiment was being demonstrated, at a time when Mr. Crusely was taking it up.

I came here to-night to attend this session in preference to one in which a discussion was going on with which I was more or less familiar. I believe that education for foreign trade is a great fundamental necessity, and the papers and the discussions here this evening have been most illuminating.

I think that this phase of our foreign trade has not received the attention which it deserves and our Foreign Trade Council is now taking an increasing interest in this phase of foreign trade, this necessity for foreign trade.

We have a committee on commercial education for foreign trade, and the questions which you gentlemen have discussed this evening are receiving the undivided attention of a committee who are endeavoring to work out some plan which, while it may not, perhaps, be similar to the plan of Mr. Peairs or others who have spoken, yet should be sufficiently comprehensive to be of benefit to those who are engaging in foreign trade.

The curricula of the various schools and colleges that are taking up this branch of teaching or learning, pretty nearly cover the subject or the range of subjects. I do not believe that it is absolutely necessary for a man learning Spanish or Portuguese to learn a number of other foreign languages. The greatest difficulty I have had in my thirty years of experience was to find men who could

read, write and speak the Portuguese language. Spanish is sometimes understood in Brazil, but not very often. That has been my experience. I think there are a number of languages we will have to give attention to. Take India. In the great markets of India, Hindustania is the language, and also Chinese and Japanese. I don't believe that we ought to burden any young man with a number of languages, because it seems to me that it should be a matter of specializing.

A man who may be an excellent salesman in Peru may be a total failure in South Africa, and I think these young men whose minds are molded in our schools and universities generally themselves develop their own choice as to the vocation and country in which they desire to locate.

I do not wish to take up your time further except to say that as the Chairman of the National Foreign Trade Council, I can say to you very freely and frankly that we believe the very questions you are discussing here to-night are not only of equal importance to the great fundamental questions we have been discussing to-day and will discuss at the general sessions during the balance of the week, but we believe that your problems are really the foundation of a successful foreign trade training. (Applause.)

THE CHAIRMAN: It is probably time for us to end the discussion. I am sure if any are interested in meeting each other and carrying on the discussion after adjournment, there will be others here who will be glad to exchange information.

ADJOURNMENT.

GROUP TWO

FINANCING FOREIGN TRADE

In Co-operation with the American Bankers Association

Wednesday, May 12, 8:00 P. M.

Civic Auditorium

The meeting convened at 8:15 P. M., Mr. John S. Drum, First Vice-President, American Bankers' Association, presiding as Chairman.

CHAIRMAN DRUM: It is indeed a great pleasure for a representative of the American Bankers' Association to be here to-night to take part in the way of presiding over this group session of the National Foreign Trade Convention.

Of course, your theme for this foreign trade meeting in San Francisco is "The Effect of Being a Creditor Nation," and in that large theme there is certainly no particular phase of it that has such a meaning so pregnant as the manner of financing foreign trade.

We are all familiar with the methods taken during the period of the war to make effective the prosecution and the winning of the war. While we are familiar with them, at the same time it is well for us to pause for a moment and think just how effectively the Allies were able to take care of the questions of finance and how they were able to take care of, in an effective manner, the problems of trade merely by the summary methods which they were able to introduce and make effective during the war period.

It was easy enough for the Allies, during that period, to place an embargo upon the import and export of gold; it was easy enough for them to establish war trade boards for the respective countries, and to limit, segregate and state what commodities should be imported and exported. It was also easy for them to place upon the use of money certain limitations, giving the manner in which money should be used for capital purposes, and how money should be spent for other purposes. It was easy to limit the use of money during the period of the war, and so far as financing the trade that

existed between the Allies and the United States was concerned, it was a matter of governmental financing.

The loans made by this government to the foreign governments enabled the latter to settle the obligations of the great overwhelming balance of exports from this country over imports during the war. It was very easy to make those settlements.

Merely to remind you of the figures, during that period of five years—1914 to 1919, our exports leaped from something like two billion three hundred million in 1914, to six billion three hundred million in 1919; and the aggregate balance over the period, as you know, is somewhere in the neighborhood of thirteen or fourteen billion.

And, as I said, it was easy for settlement to be made during that period; but now we stand at the crossing of the roads. Settlement must be made for export trade for this year 1920, where at the end of the year there will be something like two millions of dollars that must be met by the European nations in favor of the United States, and the question is—Where is that money coming from? That is one of the purposes of this meeting to-night—to discuss just exactly how that financing is to be taken care of so that the balance of trade and finance of the world will not in any way be disturbed from its present equilibrium. That is why you are assembled, and it is the problem to which different national bodies in this country have addressed themselves for solution during the past year. The matter has been discussed, and discussed at length, at the International Trade Conference held at Atlantic City last October.

That question has been discussed by several meetings that have grown out of that International Trade Conference; discussed by that great committee of which Mr. John McHugh is Chairman, known as the Committee of Commerce and Marine of the American Bankers' Association, and now here to-night we meet to hear experts discuss the ways and means whereby we can take care of the trade balance in favor of this country.

These economic principles have been announced so often that they have become practically trite. We all know this country must produce more; we all know this country must consume less; we all know that the elementary principles of thrift must become so engrained in the people of this country that they will, as a habit of thrift and character in addition to their moral fibre, accustom

themselves not only to withhold the extravagant basis of spending but they must go further than that and accustom themselves, like the old nations, to those characteristics whereby the saving will become greater little by little and bit by bit; and it will not only be with this or that man, but it will be practically an outstanding characteristic of the people of this country; and for that purpose I might divert for a moment to say that our government has never varied—the Treasury has never varied one iota from the program and policy established during the war to make thrift the uppermost quality for the Treasury Department transactions.

During the period of the war, following the lead of England, our Treasury Department established that great program of war savings, which was that we should save not only money but we should save the use of the labor and the materials of this country so that our purchasing power instead of being used for our own personal and possibly selfish purposes, should be diverted for national purposes; and so that this nation, by the use of labor and the materials of this country, could prosecute the war and prosecute it both without delay and also, by the creation of the war savings campaign, accumulate those savings from the mass of people for the purpose of financing this government. It was not only money—the money was the least part of that great war savings campaign, but it was the propaganda and the education of our people that made our people familiar with the economic underlying facts that saving meant saving of labor and saving of materials, and the use of the labor and the materials by our government during the period of the war.

Despite the problems that we face to-day, our government has never wavered from going forward with that plan of thrift. Following the signing of the armistice, a great meeting was held in Washington at which the government determined that over the period of readjustment that campaign should go forward. It did go forward, and the government has requested me, through the Governor of the Federal Reserve Board and Director of War Savings, to appeal to all you men of commerce, you merchants, you financiers gathered here from all parts of the country, to ask you to co-operate with their campaign, a campaign not of the few but of the many. It is a campaign of education, a campaign of educational propaganda. It's a case where every one has a duty of American citizenship; it is his duty to see that that campaign is made as effec-

tive as possible and as comprehensive and broad-spread as possible so that the economic question of producing more and consuming less may become a part of the practical daily program of each man and woman in this country.

I therefore diverted for the moment from the question of financing foreign trade to make it clear that one of the underlying economic principles applied practically is the introduction and the expansion of the qualities of thrift throughout our entire nation. I now want to say that in regard to the other great question, the matter of financing foreign trade, we are to-night to hear from those who have prepared papers on the various phases of financing foreign trade, and the first paper will be presented to you by that man who is looked upon by all of us as the dean of American banking, engaged in the field of foreign banking, and he is Mr. John E. Gardin, of the International Banking Corporation of New York, and I take great pleasure in introducing to you Mr. Gardin, who will speak on the subject of "Financing Foreign Trade Through Credits and Investments." (Applause.)

FINANCING FOREIGN TRADE THROUGH CREDITS AND INVESTMENTS

By JOHN E. GARDIN

International Banking Corp.

We speak in terms of billions to-day. Some years ago when millions were mentioned we did it with trepidation. "Millions" is a mere bag of shells to-day and it appears to me that "billions" are entering into the same realm. However, that is only a symptom of the times. It means that this country is going into the world's business and with the proper spirit it is going to conquer, and that world's business will amount to untold billions.

The City of New York has always been known as the gateway of America. That is one of the popular fallacies. There is no one gateway to this country. San Francisco is also a gateway, and the business that looms up on the horizon of our commercial world that will go through the port of San Francisco staggers the imagination.

A distinguished foreign visitor visiting this country twenty odd years ago said that America was the land of unlimited possibilities. Before that period, before the advent of that gentleman, the for-

eigner had already discovered that this country was the land of unlimited possibilities and it was the foreigner who had the broad vision of empire, who poured his wealth into this country to an extent that we were enabled to explore the deserts and to turn them into fertile fields with which to nourish the world.

This country, prior to the outbreak of the war, was in debt to the rest of the world to the extent of billions of dollars and we now have a case where history has reversed itself. To-day America is the cynosure of all eyes. It seems to be the source of all material things and it has grown great through the enterprise of its citizens. American manhood can hold its own, physically and intellectually, with all races, but there is one feature in connection with our Americanism that is to be deprecated, and that is that we do not seem to have a vision beyond the confines of our country, and that we cannot realize that there are other worlds and that there are other peoples with whom we are just as closely allied by the ties of blood as well as humanity. The word is held together by trade, but the vast and delicate fabric that it has taken centuries to construct has been disrupted, and everything is apparently now chaos, and it would seem that we have a hopeless task ahead of us.

Such, however, is not the case, for in spite of depreciated currencies, in spite of animosities engendered by a hateful war, in spite of racial difficulties and of other almost insurmountable difficulties, trade will continue and to the advantage of mankind, even if we only had cowrie shells and wampum as the medium of exchange. Without trade, intercourse between nations would cease, and that brings us to the analysis of the present conditions governing the difficulties that seem to threaten our relations with the rest of the world.

The crying need of the hour is raw material. The need of Europe is urgent, but it is just as urgent in the United States, and consumption is outstripping production everywhere. Our imports mainly cover raw material, and in this connection many new sources of supply have been uncovered. These sources have always been known to our recent enemy and we must admire her spirit of commercialism that can keep a trade secret as well as was done in her case. We were satisfied, unfortunately, to receive the refined product and cared very little as to the country of origin.

The present insistent demand from Europe for our wares must be considered mainly in the light of replacement. Just as soon as Europe is again on her feet, these orders that we are now receiving

in such unrestricted volume will cease, and we will have to accept European goods in payment, whether we like it or not, even at the risk of creating a crisis in our own industrial affairs. The competition of Europe in outside markets is going to be severe, but that is a matter for future consideration, and in this case we have now only to consider the affairs of to-day.

Strange as it might seem, the advantages of trade with the rest of the world lie exclusively with Europe, mainly on account of the adverse rates of exchange, and that in itself, gentlemen, is the one silver lining to the cloud in an otherwise gloomy prospect.

The internal value of a depreciated currency does not keep pace with the external value, and all advantages in the export business lie with the country where the depreciation is greatest; and besides, there is a stimulus in that case that does not exist with more fortunate countries.

Europe, in order to make a start in its upward course, must have raw material primarily, and given that, together with a strong and stable government, the rest is only a question of time.

As things appear to-day, to my mind it is a mooted question whether or not during the period of stress, under war-time conditions, it would not have been a wise procedure to nationalize all raw products, and I feel satisfied that if proper steps had been taken in that direction at the time when it could have been done, a great many of our difficulties which we are now encountering would have been avoided, inasmuch as the basic foundation for an advance into an era of regularity would have been offered to the various nations, whether enemy or otherwise.

But, be that as it may, the burning question to-day is, how is Europe to be financed? Before entering into that phase of the situation, it might be well to consider our own position with a view of determining to what extent, if at all, our own resources could be drawn upon to aid an exhausted portion of the world. From a business standpoint, it is decidedly to our advantage to do it, as morally we are bound to help; but we must look facts in the face, even at the risk of being considered sordid.

According to the last census, our national wealth was approximately one hundred and ninety billions. The present census would probably indicate that we have doubled that amount, if not exceeded it. Agriculture has contributed from twenty to twenty-five billions annually for a number of years, while industry's share is

estimated at thirty billions, or more. We hold nearly one-half of the visible supply of gold, but unfortunately the potentiality of the yellow metal is being employed to the limit in supporting the vast credit fabric that has been created by an ever increasing demand for our commodities.

The banking power of the United States is forty-five billion dollars, or three times the banking resources of the world thirty years ago. We are particularly fortunate in having a central banking institution, functioning as a fond parent over its member constituency in a most creditable manner, enabling the banks of the country to utilize the resources as a unit instead of concentrating on particular localities perhaps to the advantage of the one and to the detriment of the other.

Over six years ago our Merchant Marine consisted of one-fiftieth of the world's tonnage; to-day the American flag flies over two-fifths, or fifteen million tons; and the country has stepped into the front rank of the world's maritime powers.

We have absorbed billions of dollars of American securities formerly held abroad, and which in the past constituted a veritable sword of Damocles which could be used at will by foreign powers to bring us into economic submission. In fact it enabled the foreigner to exact an annual tribute from us of from five to six hundred million dollars.

Our railroad system is unsurpassed and carries passengers and freight cheaper than any other railroad system in the world, but why go further in the enumeration of the wonderful facilities of the country from which only one deduction can be made, and that is that we are abundantly able to extend the helping hand to suffering humanity.

Europe is bound to recover, whether we help or do not help, but we owe it to ourselves to come forward at this juncture with an open heart for selfish reasons, if for no other.

We are prosperous and will continue to be prosperous with the natural resources that have been vouchsafed us, but our prosperity will have an entirely different ring if we can feel that we have helped to restore other nations to prosperity. The recuperative powers of nations is great, and in this connection the following extract from a recent report may not be inept:

“Europe's surplus investable income before the war was estimated at four or five billion dollars per annum, and

those countries may before long begin to discharge their war debt on a scale which few now dare to dream of."

That was in the report of the Secretary of the Treasury.

Barring serious political disturbances, and in view of the present tendency of the Supreme Allied Council towards a more liberal treatment of the vanquished nations, Europe will soon be on the highway to rehabilitation. There are a number of factors which indicate this, and whatever assistance we can give will hasten the recovery. Europe, in a discussion of this character, must be regarded as an entity, as the interests of both conquered and conqueror are identical. The factors referred to are:

1. The prevailing adverse rates of exchange which are a stimulus to exports and reduce the demand for imported articles.
2. European crops will be larger every year from now on; the crops of 1919 are much in excess of those in 1918.
3. Available shipping facilities are rapidly increasing, thus reducing cost of transportation.
4. The willingness and ability of certain South American countries to grant credit for a protracted period.
5. The decision of the Supreme Allied Council to permit Germany to retain shipping constructed under the terms of the Versailles treaty, for her own use.
6. The proposal of the Allied Powers to grant credits to Germany and to fix definitely the amount of reparation.
7. The decision of the United States government to fund the interest on loans to the Allies for a term of years.
8. A general reduction in the cost of foodstuffs which is inevitable in the near future.

Any one of these factors taken by themselves is a source of encouragement; but combined, the prospect is reassuring, particularly when coupled with the determination of the citizen, individually and collectively, to reach the desired goal.

We can point to the evidence in the case of Belgium, which is said to be ninety per cent. normal.

Of course, "la vague paresse," expressing the ways of laziness in French, has spread over the world and has found lodgment in this country to a large extent, but that is only a passing symptom.

The principal trouble in the United States is the financial situation, which, while giving no cause for immediate alarm, is suffi-

ciently grave to call for a pause in the headlong activity in industrial undertakings, profitable though they are.

The basis of the credit structure is gold and it is gold alone that will satisfy external debts. The United States is on a gold basis and probably will always remain so; but in order to maintain that position, the highest qualifications in the management of our financial affairs is necessary. Provision has been made in the law to cover emergencies, but such an emergency has not yet arisen and therefore the law has not found application, but there is a demarkation line that must be respected.

I hardly think that Europe has been entirely fair to us. It seems to have taken an unjust view of our financial position, particularly in the accumulation of gold, upon which great stress has been laid, and in some quarters our gold holdings have been blamed for the adverse rates of exchange. Our gold holdings at one time were excessive, it must be admitted, but that was during a certain period of war when factories were supplied with money by the government and there was little need for credit facilities through the banks. With the secession of hostilities, however, the industrial demands have increased to such an extent that the credit resources of the country were called upon in the fullest measure. This condition was brought about by the insistent demand, not only of Europe but of the rest of the world, for our commodities.

The demand for capital, labor, transportation, coal, and iron is just as insistent in the United States as it is in Europe. The demand for trucks, for automobiles and for agricultural machinery is not for units but for hundreds of thousands; and, accentuating this condition, comes an orgy of spending which will require time and education to curtail.

During the period of from 1914 to 1918, our excess imports of gold were one billion dollars, or more. At that time it seemed as if we had too much gold, and so we did, as evidenced by the reserves of the Federal Reserve Bank, which at that time indicated a reserve of from eighty-three to eighty-four per cent.

Notwithstanding the extreme war activities, the banks were not called upon to do much financing in the industrial line; but with the shifting of these activities to peace work, the factories were thrown upon their own resources, with the result that to-day the reserves stand only about forty-three per cent. We must admit that credits are expanded, but not dangerously so, as the prede-

terminated ratio of gold reserve to circulation and deposits is sufficiently broad to be considered safe.

We are, however, in this awkward position of being obliged to settle our adverse trade balances in gold while we get nothing from those who are indebted to us, and in that way we are endangering the entire structure without being able to protect the situation by reducing credits to a corresponding extent. The only remedy is to increase our exports to Asia and to Central and South America, and to other non-European countries.

The American dollar is at a discount in these countries, and therefore the American market should be a good market to buy in, but again we meet the competition and the activity of the British market, where the discount is greater and their activity just as great as ours.

With the world on an even keel, we would not be forced to select any particular market, as we could depend upon the exchanges to act as a clearing house. But under present conditions, the present market that is the most profitable is the one that pays cash, and that is what we need.

Our trade balance with Asia forms a pretty picture of international settlement. Imports were over one billion dollars, exports about seven hundred million, showing an adverse trade balance of three hundred and thirty-eight millions; and this was settled to the extent of over one hundred and eighty-one millions in gold and over one hundred and seventy millions in silver, thus wiping out the transaction and giving us a clean sheet for the following year.

With South America, unfortunately, we have not yet settled. We still owe them two hundred and forty-three millions on last year's balance and are now paying it by shipping gold down there.

Therefore, it is absolutely necessary, under such conditions, that we should draw a line between European and non-European trade. A real danger, however, exists in a continued adverse trade balance with these non-European countries, as they exact payment in cash and the depreciation of our reserves at the rate of three or four hundred million dollars a year is a menace that is by no means a negligible one. *Therefore, our efforts should be diverted absolutely toward the upbuilding of non-European trade at the present time.* Later on we will have the competition not only of Great Britain but also of France, Italy, and even Germany, and any one of these countries is a past master in the art of selling

its goods to the foreigner. Philanthropy and business hardly go hand in hand; but in considering the present situation, we are forced to bring the two together, at least to the extent of subordinating our commercial instincts to a more humane purpose.

Therefore, in order to reap an uneconomic advantage to ourselves—we cannot stop our shipments to Europe inasmuch as the suffering there is too great—although it is an unusual thing for a seller to finance the sale of his own goods, still the situation is an unusual one and we will have to meet it. Otherwise, the cycle of commercial inter-relationship will never be completed.

With the equilibrium of Europe restored, a situation as outlined in regard to non-European trade need give us little concern, as we then would be in a position to offset debts and credits and the shipment of a small minimum quantity of gold from one single point to another single point, will settle our trade balance with the world generally.

Our present method of dealing with the present situation is by deferring payment; and in doing that, we must bear in mind that our customers are only temporarily embarrassed. Individual concerns are not able to do this because of lack of funds; the government by itself could do it, but then it would be a political matter. However, the government has created agencies through which the work can be done in a way that would minimize the risk of financial loss. It is natural that safeguards should be thrown around each transaction, but that would make the cost a burdensome one to the would-be borrower and in that way defeat its own purposes, and is a feature that cannot be avoided.

We now have the War Finance Corporation which has the power, but lacks the machinery, to remedy the situation to a certain extent. On the other hand, we have the Edge Law, which has the machinery and which supplements the power that has been given to the War Finance Corporation.

Just recently the recommendations governing the banks have been promulgated, and the Federal Reserve Board, as usual, has shown a broad-minded spirit in formulating these regulations and has made them sufficiently broad to permit successful operation in view of the fact that owing to lack of precedent these regulations had to be predicated solely upon conjecture. Experience of the past, however, has demonstrated that any questions arising in connection with the operation of these new institutions will meet with

a sympathetic hearing by the Federal Reserve Board, and the same spirit of fair-mindedness will be displayed as has been done in connection with the new recommendations that have been introduced in connection with foreign trade.

In the matter of rehabilitation, there are other elements at work over which we have no control, and one of them is speculation in exchange; and this is being carried on very extensively and considerable encouragement can be deduced from this spirit of gambling. It is a first step in a crude way towards a more wholesome development of an investment market in foreign securities. The true motive is a sordid one, but the results in the end justify the means. It is the strong element in our social life that ventures into the realm of the unknown and paves the way for a future empire, and in this instance, history repeats itself.

The spectator takes the place of the pioneer with the same audacity and with the same fearlessness of consequences, and will ultimately reap the reward. Speculation is to be deprecated as contrary to sound business principles but in this case it is a matter of real economic value and will go far towards the rehabilitation of devastated Europe.

This speculation so far has covered only the foreign exchanges but is gradually extending into the purchase of municipal bonds without, however, covering the ground in a systematic manner.

These investments are not permanent, but nevertheless even a temporary use of funds in such a manner has paved the way for the exploitation of the business on a larger scale. Several organizations have already been perfected by responsible parties for the sole purpose of dealing in foreign securities. This augurs well for rapid rehabilitation as the subject will thus be given scientific consideration in placing these securities on a genuine investment basis.

During the period of our Civil War, and for a number of years immediately thereafter, American gold bonds, bearing interest at six per cent., were a favorite form of investment with the European public. They were at one time selling as low as 30% in terms of their money, and Europe profited greatly thereby. America was at that time undeveloped, and it required faith to make the venture; but capital is ever venturesome and the faith was fully justified by the results.

American investments have found favor in Europe ever since

and the aggregate up to the outbreak of the World War ran into staggering figures. A goodly portion of this accumulated wealth has since been liquidated, but Europe's foreign investments are still very important. Great Britain is said to have over five billion dollars invested in South America and in German property seized in the United States by the Alien Enemy Custodian closely approximating one billion dollars. These two circumstances clearly indicate the extent of European investments in foreign lands.

The lure of gain will have to be the principal incentive and a more favorable prospect cannot be imagined than that embraced in investments of this character. This speculation is a potent factor in the present process, as the aggregate sum involved must run into very large figures and it may ultimately develop that Europe may not require such very large credits after all. The test will come when the rates of exchange begin to advance; so far only losses have been recorded. At any rate, these investments, though speculative in character, may go a long way toward supplying capital to furnish necessary raw material to again start the hum of industry.

Textiles have been the main product of European mills, requiring proportionately a larger quantity of raw material. The consumption of cotton in Europe in 1913 was about one-half of our own cotton crop, distributed as follows:

Great Britain	3,282,000 bales
Germany	1,259,000 bales
France	788,000 bales
Italy	538,000 bales

It must be remembered that only a small proportion of this quantity will be necessary to start the mills going again.

The serious difficulty in this connection, however, is the dislocation of railroad facilities, but that is a matter of internal organization for which no outside remedy is responsible.

In summing up the situation, we find that elements are working towards the end in view without attracting very much attention and possibly the solution will be found without much organized effort. What we need more than anything else is a broad vision, the vision of our forebears who blazed the trail towards the setting sun and conquered a continent. What we need is the courage of our convictions, the courage of a Washington, the courage of a Lincoln. What we need is faith in the triumph of civilization, the faith of a Christ,

the faith of Mahomet. What we need above everything is optimism, an optimism so transcendant that we can

"Find tongues in trees, books in the running brook,
Sermons in stones, and good in everything."

(Applause.)

CHAIRMAN DRUM: Mr. Gardin has given us a splendid review of world conditions and we hope he is right in stating that the conditions of financing foreign trade may be met without organized effort, but to-night we want to weigh every phase and consider every method whereby foreign trade can be financed by some constructive effort, and we are going to hear now from Mr. Frank B. Anderson, President of the Bank of California, who will talk to us on "Financing Foreign Trade Through Foreign Finance Corporations."

FINANCING FOREIGN TRADE THROUGH FOREIGN FINANCE CORPORATIONS

By FRANK B. ANDERSON

President, Bank of California

I have been asked by the Foreign Trade Council to speak on the possibility of long time financing of foreign trade, particularly in Europe, and to state whether in my opinion a corporation, such as is authorized under the Edge Law, is necessary and desirable or feasible; if so whether it should be a large corporation or a number of small ones, and whether the country is in a position to extend such credits; in other words, is this country in a position to extend long time credits to Europe and if so how.

This country has extended long time credits to European nations through its government and long time credits have been extended by manufacturers and other agencies, and the great bulk of these credits will have to be renewed from time to time until the world becomes sane and gets down to work. This financing, aided by the sale of European held securities to American investors, and other agencies which are familiar to you all, has made it possible to clear the difference between the exports and imports of the past year, that is to say, the balance of trade has been settled to a vast

extent through postponing the date of payment. The main burden of this financing is being carried by our government but to a large extent indirectly or directly by the banks, and the part that has been forced upon the banks must be shifted to private investors.

The government has, very properly, served notice that it will no longer extend credit to foreign nations and the banks have been educating their clients to the necessity for restoring locked up working capital through new financing. In the meanwhile our business men have had brought home to them the necessity for and the desirability of foreign trade, and the great ambition of the country to-day is to retain the trade of the world which has fallen into our laps whilst our main competitors of the past were at war. These competitors prior to the war had spent hundreds of years, thousands of lives and millions of dollars entrenching themselves at points that are strategic from a commercial standpoint, in many cases being forced to exert an influence over the politics of countries that had great populations, whilst our people were busy settling and developing a vast continent that was sparsely settled. Our people as a whole have never understood the value of or necessity for foreign trade; the reward of their activity has been so great and the scene of their activity so close under their eyes as to blind them to the future.

The laws which have been placed on our statute books were framed by men who understood the problems of their own localities but who had no broad outside view. Sentiments have developed that are antagonistic to the necessity for encouraging business along lines that our competitors have learned through long experience to be most efficient. Many of our laws tend to assure our competitors' success rather than our own, and ignorance and prejudice stand in the way of change.

Our social and political welfare is bound up with that of the people outside of our borders; and we cannot through lack of courage or sympathy sit still and refuse to extend a helping hand to the men who fought our battles as well as their own. I recognize the necessity for aiding those people to become self respecting and prosperous, not only from a selfish standpoint, but that we may retain our own self respect, and with a view to helping them and ourselves, I think it the better wisdom to look the problem squarely in the face.

This country is not, in my opinion, in a position to extend long

time credits to any great extent at this time, and will not be until it is willing to curtail its own expenditures and increase its own production, except at the expense of increasing further the cost of living to its own people and to the people abroad. On the other hand the European governments must convince their people of the vital necessity for curbing extravagance and increasing the production of those things the outside world needs and will buy. They must convince them that the present conditions are not temporary, that no short cuts are possible and that for some years the demand for essential commodities will exceed the supply. There must be brought about an understanding that strikes, lockouts, any interruption of work and everything that discourages initiative, delay the possibility of getting back on a normal basis, and that any individual who will not deliver a full day's work to the extent of his ability is a slacker who is throwing the burden of his support on the community.

So far as Europe is concerned she must restore conditions that will inspire confidence before we can hope for any large response from private investors in America and such help as we can give must come through these investors. I believe in taking advantage of the Edge Law, preferably through the formation of a large corporation with large subscribed capital rather than a lot of small ones, for the reason that the larger corporation would attract the best expert talent and give better production to the investor, and for the reason that a ready market must be created for the debentures which would be issued, if it is hoped to make them popular. The mere formation of such a corporation will not produce investors, they must be educated. Peace on earth must be restored and this government must show some encouragement and approval, particularly as to what its attitude is going to be towards protecting American investments in foreign countries.

There is adequate security in Europe for loans; men and institutions with whom our people have had business relations for years and in whom they have confidence. Their need is for working capital, not bank credit. These same men and institutions have aided our people in the past when our need was for working capital, and at times when we had more settled conditions but no better security to give than they have.

The new corporation will have to feel its way and call its capital as it needs it but will in my opinion perform a great service

through aiding to restore more normal conditions, and will prove a powerful financial instrument. At the outset it will have to compete for funds in a market that is gravely over-extended, but properly guided, it should prove a valuable instrument in relieving the present situation, and through its many ramifications can educate sentiment to the necessity for changes in laws and conditions which are producing the evils that we are striving to cure. This education will necessarily be slow as our people do not understand the vital necessity for foreign markets and have not been accustomed to investments based on foreign enterprise, our large investors have been legislated out of the market and the new crop of small investors brought out during the Liberty Loan Campaigns, are disgusted and many of them bitter. The laws of many of the states of the Union forbid investment of the funds of savings banks and insurance companies in foreign securities, or state so specifically what they may invest in, as to forbid foreign investment.

American enterprise is forced to pay very high rates for capital on account of the great demand for it, caused partially by the efforts of the banks to curb inflation, and necessarily the European will have to pay higher rates to attract the American investor who will prefer investment at home.

To repeat what I have said before, I do not believe we are in a position where we can extend any great amount of long time credit; on the other hand, I believe that if certain things can be done, we can render very powerful assistance through restoring initiative, increasing production, bringing down the high cost of living and curing a great deal of the inflation that exists to-day.

The most important thing to be accomplished is a change in the present revenue law. The Secretary of the Treasury, in his annual report for 1919, recognizes the necessity for a change, and no better service can be performed than to repeat his statement:

"Though any appreciable reduction in the amounts of the revenues from taxation is not to be thought of during a fiscal year when the Government's current disbursements will exceed its current receipts, when its unfunded debt amounts to upward of \$3,736,000,000 (October 31, 1919, on the basis of daily Treasury statements), and when the Congress is considering various measures carrying vast additional appropriations, it is, I believe, the duty of the Congress to give its closest attention to the study of the incidence of taxation with a view to the revision of the revenue act on

lines which will produce the necessary revenue with the minimum of inconvenience and injustice. The Treasury's objection to the excess profits tax even as a war expedient (in contradistinction to a war profits tax) have been repeatedly voiced before the committees of the Congress. Still more objectionable is the operation of the excess profits tax in peace times. It encourages wasteful expenditure, puts a premium on over-capitalization and a penalty on brains, energy and enterprise, discourages new ventures, and confirms old ventures in their monopolies. In many instances it acts as a consumption tax, is added to the cost of production upon which profits are figured in determining prices and has been, and will, so long as it is maintained upon the statute books, continue to be, a material factor in the increased cost of living.

"The revenue sacrificed by elimination or reduction of this tax must be sought in an increase of the normal income tax (from which the income on Liberty Bonds is exempt) and of the lower brackets of the surtax. The upmost brackets of the surtax have already passed the point of productivity and the only consequence of any further increase would be to drive possessors of these great incomes more and more to place their wealth in the billions of dollars of wholly exempt securities heretofore issued and still being issued by states and municipalities, as well as those heretofore issued by the United States. This process not only destroys a source of revenue to the Federal Government but tends to withdraw the capital of very rich men from the development of new enterprises and place it at the disposal of state and municipal governments upon terms so easy to them (the cost of exemptions from taxation falling more heavily upon the Federal Government) as to stimulate wasteful and non-productive expenditure by State and municipal governments."

The present Revenue law fails utterly to take cognizance of the difference between net profits and cash in the box; it takes cash out of the box thus depleting working capital and has already necessitated new financing to restore working capital. It is taking more from many corporations than goes to the stockholders, and will finally make impossible new extensions and proper building for the future unless stockholders of the corporations are willing to go without dividends. The law utterly fails to recognize the difference between new capital and income, with the result of forcing borrowing rather than the sale of possessions in order to secure funds for

new ventures. It places the whole population in approximately a fifty per cent. class, working four hours a day for themselves and four hours a day for the tax gatherer. The great majority of the population never sees the tax gatherer but every one who sells the necessities of existence is merely a trustee for the tax gatherer. None of those who have to pay the tax have a machine for printing the money, they must collect it from the ultimate consumer, and in my opinion this is the greatest contributing cause of the high cost of living and the high cost of our products to the outside world—a heavy contributor to inflation and unrest, and, in its present form, discourages that economy which we all preach and hope for. Why save when the results of saving are taxed; why not tax spendings and reward savings?

The government must have the money to keep it solvent, but the people should demand that the government come to a realization of the necessity for living inside of its income, and that it has no income other than that which its people will produce and part with without having their initiative and desire to work destroyed.

As the old world resumes business activities, and as conditions here create shortages and consequent high prices, the importer, through regular banking channels, is moving more and more necessities from the outside world to this country, and these transactions through the aid of the banks are helping in a large degree to make possible the shipment of merchandise from this country. This is healthy progress and will increase as time goes on; it is in effect exchanging goods with other countries which is the meaning of all trade, and, in my opinion, the conditions which we are facing will result in a demand for the knocking down of many of the economic barriers which have been erected in the past, in order to encourage an exchange of the necessities of life.

In closing please allow me to say again that in spite of the difficulties that confront us, I believe that a corporation such as is authorized under the Edge Law is necessary, desirable and feasible; that, granted a personnel which will inspire confidence, capital can be secured and that it will prove to be a powerful instrument in crystallizing sentiment to the necessity for economy, governmental and private; the necessity for increased production and for changes in laws which to-day destroy initiative, encourage extravagance, increase inflation of credit, which are largely responsible for our inability to extend long-time credit and which will continue to take

away corporate and individual working capital, rendering it more and more impossible to extend the long-time credit needed by our customers abroad. (Applause.)

For fear that you gentlemen may consider me a pessimist, I would like to say that in common with my associates, although we feel that we are looking at a dark curtain and have been watching idealism and theorists perform on the stage before that curtain, we fondly believe that some one of those performers some day is going to step on that curtain and that it is going up like a window shade and that common sense is back of that curtain and will come forward and say, "Just step aside a while—let me have a show"; and in addition to that, I want to say that to my certain knowledge, this country has been going to the devil ever since I was four years old. (Laughter.)

CHAIRMAN DRUM: I want to say that no one could ever regard Mr. Anderson as a pessimist after such a very hearty endorsement of the concrete plan for the formation of a large corporation that would adequately express the financial strength and assistance of this country in financing the foreign trade.

As you know, on our statute books we have had for many months the Edge Law. You are also probably familiar with the fact the the Federal Reserve Board has amplified the provisions of the Edge Law and has endeavored to make it effective by promulgating certain rules and regulations.

We have on our program "Possibilities of Financing Foreign Trade Under the Edge Law," and I am sure we could obtain the views of no one better qualified to express such possibilities than Mr. Elmer H. Youngman, the Editor of the *Bankers' Magazine*.

POSSIBILITIES OF FINANCING FOREIGN TRADE UNDER THE EDGE LAW

By ELMER H. YOUNGMAN.

Editor, "Bankers' Magazine."

The choice of San Francisco as the place for holding the Seventh National Foreign Trade Convention was particularly appropriate. Its magnificent harbor, famous among the great ports of

the world, the hardy spirit of adventure which characterized the early pioneers—a spirit kindred with that which sends commercial argosies to distant lands—and the wealth in the soil, forests, fisheries and mines of this vast Pacific region, comprising many if not all of the leading commodities of world commerce, united to the enterprise of the people who inhabit these western shores, certainly should afford to our deliberations a high degree of inspiration.

That the lands fronting the Pacific are to play an important part in the future history of the human race is a belief widely prevalent. In the opinion of some keen observers this part is to be a commanding one. To dispute that view would be to enter the realm of controversy, while to uphold it might constitute a venture into the always dangerous field of prophecy. There may be truth in the view that Europe, somewhat exhausted and impoverished by the great struggle but recently ended, will afford a less inviting field than heretofore for foreign trade, while some of the oriental countries—China and India in particular—refreshed by the long slumber of centuries, may awaken with an almost unappeasable longing for the fabrics and wares of trade. Unmistakable signs of an awakening in the case of the two nations mentioned are already evident.

Discarding argument, prophecy and speculation with respect to these matters, we may safely appeal to historical examples, for we know what has happened to Japan since Commodore Perry in 1854 rather unceremoniously knocked at her doors, and we also know the tremendous advance made in the Philippines since Commodore Dewey sailed into Manila Bay in 1898.

Fortunately, the Eastern lands present to us to-day doors already opened to our trade and enterprise. In laying special emphasis on the possibilities of trade with the Orient, however, we must not forget that our immediate duties and opportunities lie in the direction of Europe. Not only are our raw materials and goods badly needed in that quarter of the world, but there lies our great opportunity of showing the real qualities we possess as international traders—not in the grasping sense, but simply to meet the requirements of the situation as befits men of business.

Much complaint of our slowness is heard from the other side of the Atlantic—an impatience which one may easily understand in view of the economic situation in the war-devastated lands.

But it may be observed that our caution in taking on fresh obligations, evidences an intention of strict fulfillment of those obligations when once assumed.

Besides, in the face of these new and strange duties thrust upon us, we lacked both the experience and the mechanism. However urgent the needs of Europe, our people, unaccustomed as they were in the main to investments of any kind, could not be suddenly converted into large buyers of foreign securities. Our banks had done about all they could within the limits of their powers. A new type of foreign bank was required to meet the situation, and that is exactly what Congress has provided in the Edge Law Corporations. It is to the possibilities which the institutions that may be formed under this law offer in the way of assistance to our foreign trade that your attention is briefly invited.

Just by way of introduction I wish to point out that in the past seven or eight years, Congress has enacted several pieces of important constructive legislation, including the Federal Reserve Act, the Federal Farm Loan Act, the Webb Law, the Transportation Act, and the Edge Corporation Law. We often complain because Congress does nothing constructive; but, in view of the legislation cited, this complaint seems without just basis at present.

Now, in dealing with the Edge Law I wish to confine myself to those features of the measure which seem most important.

This act gives us for the first time in our history a financial institution, organized under Federal law, for the express purpose of engaging in the financing of foreign trade. The original Federal Reserve Act authorized the establishment of branches of our national banks in foreign countries, and by an amendment to that act the national banks were empowered to subscribe for stock in American banks or corporations principally engaged in foreign banking. Under this amendment several corporations have been formed and are now in operation. But the Edge Law goes beyond this in providing for the formation of these foreign banks under Federal charter, thus giving them whatever prestige the authority of the National Government confers.

So far as these new corporations are to exercise the ordinary banking functions, I do not think they call for special comment. It may be noted, in passing, that they afford another convenient channel through which to carry on the operations of foreign trade

financing, and, as has been said, this is done under Federal law and supervision.

The provision in the Edge Law which is not only novel but of first importance is that which permits these corporations to issue their own notes and debentures for sale to investors.

Here we have the only effectual means through which, under present conditions, our foreign trade can be sustained on a basis commensurate with European needs and the interests of our own producers.

It has been my good fortune within recent months to attend a number of representative gatherings of business men and bankers, and it has been the prevailing opinion at these meetings that if we are effectually to finance our foreign trade under present conditions the participation of the individual investor must be enlisted. In other words, we shall have to find some means of selling foreign securities, either directly or indirectly, to a large body of American investors. The Edge Law gives us what is perhaps as good a measure for this purpose as could be devised. Its safeguards seem all that could be required in reason. Chief of these are the provisions as to Federal incorporation and supervision, the requirements as to paid-in capital, and especially that provision of the law which gives to the Federal Reserve Board the right to determine as to the adequacy of the securities deposited as collateral against the issue of notes and debentures by the new corporations.

It is not claimed that even these safeguards are absolute. But they are as nearly so as could be fixed without unduly hampering the freedom of operation essential to the effective functioning of Edge Law Corporations. Even with the protection which the new law affords, it will be necessary that the corporations organized shall be under prudent and skillful management—always the surest guaranty against loss in banking and investment undertakings.

Some regret must be felt that much of the individual foreign investing already done has found its principal incentive in speculation. Not so much consideration has been given to the flat rate of return on the investment or the security offered, as to the possibility of gaining through a favorable turn in the exchanges. Some of these speculations may turn out well, while some of them are sure to result in loss. But, in either case, if we are to use

our investment capital as a permanent means of stabilizing our foreign trade, we ought to rely upon something just a little more dependable than a possible favorable development in the foreign exchange market.

It need hardly be pointed out that a few unfortunate experiences with foreign securities would operate to destroy confidence in such investments as a class. We cannot reasonably expect that the average American, even if possessed of some experience with domestic securities, could have the knowledge of foreign investments which would enable him to discriminate between those which are sound or otherwise. But the Edge Law Corporations will relieve him of this responsibility. The investor who buys their debentures will be in fact buying an American security, the obligation of an American corporation, with foreign collateral.

It must be regarded as peculiarly fortunate that we are to have a type of institution which will throw around the making of foreign investments such safeguards as are provided in the Edge Law. In the marketing of the securities issued by the new corporations it will be necessary to carry on a campaign of investment education, which will illustrate the benefits which flow to the individual, the nation and the world through wise investing. This is a work greatly needed, for while our people are earning more than ever before, they are not saving in proportion. Best of all, the Edge Law Corporations afford an opportunity of giving a practical demonstration of the widespread benefits accruing from wise foreign investing.

Perhaps the best idea of the scope of the new law, and its purposes, may be obtained by quoting what some recognized authorities have to say. The author of the law, United States Senator Walter E. Edge of New Jersey, thus defined the objects of the measure:

"Primarily, this bill was framed and introduced to promote American export trade by providing a method through which impoverished foreign purchasers of American goods could obtain such goods on credit, backed by adequate collateral, at the same time actual cash could be provided for the payment of the American producer or exporter. The money for such payment is to be provided through the sale to investors of debentures secured by

collateral satisfactory to the Federal Reserve Board, which will have the same powers of supervision over corporations proposed in the bill as it has over the national banks of the United States. This plan provides a method of supervision which will protect the investors in such debentures and will make these investments attractive to the people, yet at the same time precludes Government underwriting, guarantee or participation."

How the measure is regarded by the bankers of the country may be inferred from the following quotation from a report of the Committee on Commerce and Marine, made to the convention of the American Bankers Association at St. Louis, in October, 1919, and which was unanimously adopted:

"There has been and continues to be much discussion in general as to methods to be adopted to bring such securities in effective volume, and surrounded by necessary safeguards to insure their ultimate payment, before the American investing public. Legislation is pending, having the same object in view. Credits aggregating a few hundreds of millions of dollars have been extended by several banking institutions to meet pressing needs. Altogether, however, no well-organized effort has yet been made and your committee, therefore, believes it timely to say that it is confidently of the opinion that the necessary financial machinery in the form of a large, capably managed and thoroughly equipped organization, with which the bankers, business men and manufacturers of this country would become identified, and which might very properly be initiated and supported by the members of the American Bankers Association, should be provided with the least possible delay.

"If such financial machinery were provided and had the support of the members of the Association, there could be no question of its success, and its success would find reflection in prosperous conditions in every section of the country."

Governor W. P. G. Harding of the Federal Reserve Board, in urging the passage of this measure, said:

"The Board knows no one way in which the present European credit situation may be more effectively dealt with than by the incorporation of institutions of the kinds provided for in this bill, and anything that betters that situation assists not merely in the gigantic task of reconstruction in Europe, but also in providing a market for our own exports and in developing our foreign commerce in a most effective and satisfactory way."

Finally, permit me to quote from a booklet on "Foreign Financing Under the Edge Act," issued by the Guaranty Trust Company of New York:

"At the present time there are fairly adequate facilities for the granting of thirty, sixty, or ninety day credits to European purchasers. The granting of long-term credits, however, for periods beyond ninety days, which are much needed by the European purchaser of our goods, offers a far more serious situation and the present facilities are admittedly inadequate. Let us suppose, for instance, that a corporation whose properties are in the devastated section of France desires to buy American machinery to start rebuilt factories in operation, and that it desires to buy on credit, giving as security for the purchase price only corporate bonds which mature eight or ten years hence. Even though satisfied as to the safety of the security offered as collateral for the extension of the credit, the American manufacturer is in most cases unable to carry it until maturity because this would tie up and deprive him, for many years, of the use of the capital which he requires in his business. Therefore, the seller is compelled to lose the sale unless the bonds can be quickly converted into cash. It is possible here to relieve the situation by an arrangement made with a corporation organized under the Edge Act to take such foreign securities, advance the cash, and within such limitations as the law and the Federal Reserve Board prescribe, issue its own notes which could then be offered to the public for investment. By this method the purchaser at once receives the purchase price, and the European buyer obtains the

goods. The credit is successfully passed to the American investor.

"The value of the Edge Act lies in this, namely, that it provides for the organization of corporations having the right to engage in international and foreign banking, in which national banks may participate to a limited degree, thereby affording a means to make available quick and large capital for the purpose of extending credit to Europe. In short, the Act provides a sound, well-regulated system of financing our foreign trade whereby such collateral as foreign purchasers possess may be taken in payment of American goods."

This same authority from which I have just quoted points out that the principles underlying the Edge Law have already been successfully applied both in this country and abroad.

Before concluding specific references to this new measure, let me say that it has been our contention here in the United States that we wish to go about foreign financing in our own way; this the Edge Law permits us to do, and we can no longer plead lack of adequate machinery to enable us to make such financial provision for our foreign trade as it may require. It may be said also that the new law comes at an opportune time, for the limits of short-term financing seem not far off; and furthermore, some of these credits which were supposed to be liquid have shown a tendency to congeal, so that if our foreign trade is not actually to suffer through inadequate financing, we must resort to the long-term credits which the Edge Law makes possible.

In what has been said, I have assumed as a matter not requiring argument that trade follows investment; and this is true even though the funds supplied to borrowers may not be expended directly in the country which makes the loan. It has been assumed also that the desirability of foreign trade is granted. This point hardly needs elaboration before an audience of manufacturers and exporters. But those engaged in foreign trade might render a useful service by explaining to their employees and to the farming community the relation which our overseas commerce bears to domestic prosperity. Evidence is not lacking that the raisers of live stock and the growers of grain already understand the importance of maintaining our export trade. The employees in

industry will likewise understand it should diminished exports result in reduction of wages and loss of employment—a severe course of education which it may be hoped they will not have to undergo.

A HIGHER CONCEPTION OF FOREIGN TRADE

In closing I wish to enter a protest against the too widely accepted belief that foreign trade is something to be contended for and fought over as hungry dogs fight over a bone. The nation that seeks to parcel out certain portions of the earth as its own exclusive trading preserves, from which other nations must be kept out at all hazards, seems to proceed on the theory that the earth is a very small place, where only a limited amount of trade can be done at best, and that unless a big share of this is grabbed at once and held against all comers, the chance of doing business is forever lost. The contrary of this is true. The earth is a very large place, and the business to be done practically without limit. The more trade one nation has the more there will be for others and for all. Millions of people in China, India, Mexico and South America—yes, even in Europe and the United States—need better clothing, food and shelter. To supply this demand—and it is without practical limits, for there likewise exists the still greater task of bringing these millions up to a condition where they desire and will be able to enjoy a higher standard of life—here lies the stupendous problem to which the nations of the world may wisely address themselves without danger of exhausting its remunerative possibilities. As the condition of individuals improves and the nations become more prosperous, trade and industry expand, and their fruits become part of a common stock of which all men are partakers. The share which any one nation may get does not depend upon keeping some other nation from participating, but rather in doing its best by maximum production to add to the common stock, and by the greater abundance and consequently diminished cost to multiply the number of consumers and to stimulate consumption—the Aladdin's lamp of commerce, domestic or foreign.

Experience warrants the statement that neither territorial acquisitions nor preferential trade arrangements are the best means of obtaining and holding customers in the international markets. The prime rule of foreign trade is to produce the goods your

customer wants at the price he is willing to pay, and then treat him with justice and courtesy, observing that diligence in business which sacred writ so highly commends. By adhering to honorable methods, and with a fair field open to all, the total volume of foreign trade with any designated quarter of the world will be greater than would be the case were any one nation given exclusive privileges there. The offering of a greater variety of wares, the energy and skill displayed in disposing of them, and the more reasonable prices which these competitive efforts would tend to assure, could not fail of having an advantage over a monopoly seized by some particular nation.

Whether international trade makes for peace depends upon the manner of its application. If the aim is to get into a special field and crowd everybody else out, gradually extending the scope of exclusive control, then we may as well frankly recognize the struggle for foreign trade as one of the most fruitful provocatives of war. But if it be the aim of those engaged in foreign trade to extend to others the privileges they themselves seek, and if those engaged in such trade wish to profit only in proportion to the service they render, then may international commerce be justly considered as an influence making for peace and good will.

I wish to repeat that the world is not small, but large, both in territorial extent and trade opportunities. There is room and to spare for all. There is abundant trade, not merely for one nation which is strong enough to seize it for its exclusive benefit, but for every nation whose people are alert and industrious.

May the various nations of the world soon reach a better understanding of their mutual obligations and interests, and may it be our part to help in diffusing to less favored lands some of the prosperity and blessings which we possess in such overflowing abundance. (Applause.)

CHAIRMAN DRUM: This very splendid paper of Mr. Youngman's completes the papers for this evening, but the most serious and the most important part of this group session is coming now in the discussion.

What are we going to do with the situation? The armistice was signed, and I say it in no spirit of criticism but as a matter of fact, a year and a half ago, and we are here to-night discussing those difficulties that have concerned the world since that time. We

are making progress because no one sitting here to-night could have listened to those two papers and not realized that the difficulties we have to face both here and abroad are known and definitely known; and it is also definitely known as what can be regarded as a scheme in the nature of a corporation whereby something can be done, but that hasn't yet been done. The matter has been discussed at length by practically all of our leading bankers and merchants, importers and exporters of this country.

I want to remind you that at the conference at Atlantic City last October, there gathered there practically the financial and commercial brains of this country. In addition to that, the countries of Europe sent their best representatives. There they discussed the matter at length and out of that discussion has come the very splendid report filed by the sub-committee that grew out of the original committee of one hundred and sixty appointed at that meeting. That sub-committee has gone into this work and has analyzed the entire situation. There isn't a single difficulty, either here or abroad, that isn't set forth with crystal-like clearness. But, gentlemen, we have those facts but we have not yet been able to act. We have, in addition to that report, the analysis and the report of the Committee of Commerce and Marine of the American Bankers' Association, and now here to-night we have this Foreign Trade body, national in scope, representing the very best type of brains in this country in the knowledge of conditions of import and export and world trade, and we must, out of this meeting, produce something concrete. We must, in a helpful way, and in the true sense of the word "helpfulness," produce action of helpfulness, and I am therefore going to tell you what has been done by the National Chamber of Commerce and also by the American Bankers' Association.

As a result of the report filed at Atlantic City by the National Chamber of Commerce last month, a committee of three was appointed, and similarly at the American Bankers' Association meeting at Pinehurst, North Carolina, within the past few days, and while it is true that under the constitution of our organization it is not possible to pass resolutions, either by group or upon the floor of your Council, nevertheless it is pointed out that matters of importance can be stated in reports and that reports of meetings such as these will be filed with the General Committee for their action, and I am going to ask whether or not out of this group meeting

cannot come some informal suggestion or some informal statement that it is the sense of this group meeting that a similar committee should be appointed by the National Foreign Trade Council so that these three great national bodies will have a committee of three, constituting a committee of nine, and that that committee, with all of the data that has been obtained through this great work of the past year and a half, can resolve itself into a committee on ways and means and can continue in a helpful way, and in a co-operative way, overcoming these difficulties so well pointed out in the paper of Mr. Anderson, and also the difficulties pointed out by Mr. Gardin; also, in some way take advantage either of the present Edge Law or some modification of that law, that will make our helpfulness concrete and that will give to Europe, at least for her immediate purpose of taking care of her purchases of raw material, those absolute essentials which must go there, and go there immediately; those things which must be used by those stricken peoples, despite the fact that those items turned in by us will go once more to create that produced wealth which Mr. Gardin has pointed out is the only type of wealth that has been destroyed by this great war.

We still have our raw materials, we still have our potential wealth; and greater than all potential wealth, labor will exist; and if those commercial leaders in the various countries of Europe are by us given those credits necessary, under a machinery that will fully protect us and which will immediately enable them to have those things that are essentials, they will go to work. If we show our willingness to have our greatest financial and commercial leaders join in, creating a machinery that will give immediate relief. everybody joining in, even though we don't for the moment make that machinery effective, they will give us the assistance of their resourceful financial knowledge so that we can overcome, by their assistance, the difficulties that exist and the difficulties that we have no right to attempt to overcome unless our people and those from whom those credits originate are protected, and fully protected.

That is the duty which rests with us, and out of the theme of your entire meeting there must come some concrete action, not necessarily, as I said, in the way of passing resolutions or in committing yourselves to anything more than the creation of a machinery of knowledge—a machinery of helpfulness which will offer a solution over a reasonable period of time. No one sitting here to-night, hearing these papers, understanding the analysis which has

been made of this situation, fails to realize the difficulties. We can, as a people, be regarded as a resourceful people; we can, by our willingness and with the best thought of the large national organizations in conjunction with us, so crystallize our helpfulness that we will give the relief which is needed.

I have only made this little outline for the purpose of arousing discussion among you members of the Foreign Trade Convention. We have in this room men who are experts in their particular line of foreign trade, of import and export, and who have knowledge of all those subjects, a knowledge of which is essential to a proper discussion of this matter. I am going to ask for your immediate co-operation now so that you will, in a willing sense, without being called upon, contribute something that will be of benefit to this group meeting on these various matters so that we can feel that we will come out of this meeting with something that will convey to the General Committee what can be regarded as the sense of this meeting, and after a full and thorough discussion, I will call upon you for a continuance of a discussion of this matter.

Mr. Allen Walker, of the Guaranty Trust Company, New York, will lead the discussion.

MR. WALKER: Your chairman, I believe, is possessed of the same bug that has haunted me for a good many years in attendance at conventions of this kind. The bug might well be expressed in a single word, and I will use the word effectuation. Theoretical discussions of abstract problems may be illuminating and enlightening and helpful, but they don't get us anywhere in promoting the foreign trade of the United States, along the lines we hope to see developed, unless we can somehow provide a definite effectuation of what we recommend and believe should be done.

I would draw your attention to the remarks of the Chairman when he closed and referred to the fact that out of all the discussions in gatherings of financial and business leaders during the past few months, no definite action has come. To my mind, that is not to be wondered at, for the reason that there has been no opportunity whereby we could really serve or know that we could serve, due to the difficulties which are comprehended very simply under the head of long time trouble settlements under the Peace Treaty. Form any plan you like, balance it well by concurrence of financial and business minds, and then try to get what the effect has been up to now and what we were up against.

Not one of the new nations of Europe at the present moment is in position to know its boundaries or know where it is at. We are still technically at war with Germany and we have not been able to complete this plan in such manner as we can apply the plan after developing it, for the simple reason that the diplomatic difficulties remain in our negotiations with the nations in Europe and will continue until some kind of peace is consummated by the United States.

We talk of such vehicles as the Edge Law, probably offering facilities for enabling us to finance foreign trade along new lines. We have heard a great many expressions of approval of such machinery because we welcome any new machinery, naturally, which makes it possible for us to do that which we all want to do and yet haven't been able to do. But I think we might have this reflection in mind, viz., to question the wisdom of creating new vehicles in the attempt to perform that by short cuts which, under our business methods and in ordinary times, we should not attempt to do.

In other words, at the present moment we have under the New York State law, for example, pretty nearly all the machinery, and have had it for a long time, which enables corporations to extend financial assistance and credit to foreign countries. It is doubtful whether the Edge Law creates any new powers which were not already possessed by institutions formed under the New York State law.

It is true, as Mr. Youngman just said, that there are provisions in that law such as the Federal Charter granted, and a supervision of collateral for the securities issued, which give an added prestige, but I don't believe that any of those gentlemen who have analyzed that law are prepared to say that any real new powers not already possessed are granted by this piece of new machinery. But, the advantage of it, to my mind, will be this—a stimulus to American financiers and business men to do that which is the fundamental of all foreign trade expansion for any country, namely the investment of American capital in foreign countries as the basis for the sustained output of the American production of which we have a surplus on this side of the water.

Why cannot we have a common goal towards which all organized effort of this kind was aiming collectively, with a common understanding of the things we would have to have to reach that goal, and avoid the things which it is well we should not attempt to do in aiming to reach that goal?

One of the things we heard when we were attempting to do business with South America and increase our trade there prior to the war, was that it was no use our attempting to sell equipment down in South America for the construction of enterprises or utilities—they were all British or German controlled enterprises, and we were told that we could not get in. Now, we know that was true and the analysis that was made by the experts over at the Peace Conference showed that German expansion in the way of controlling enterprises abroad had been a marvelous and wonderful thing. That analysis showed that Germany's foreign enterprises, that is, German-controlled foreign enterprises in the way of public utilities, ran into billions of dollars; and yet, by clever manipulation of finance, not in a single case did the actual German investment of cash in any one of the foreign enterprises which she controlled exceed twenty-five per cent.

What kind of enterprises are offered to us? Where should we put them, and how should we go about developing them?

Toward this common goal that I spoke of, let us lay down these fundamentals—that in order to provide a sustained market for the production of which we have a surplus in normal times, we must provide capital investment in foreign countries, and we must have an opportunity for a steady outflow of these products. That does not mean that we shall take American capital for which there is ample need here and put it wherever there seems to be an attractive investment. That isn't part of a definite concentrated program. What I mean by a definite constructive program is this—the opportunity for an organization of this kind to make an analysis of the raw materials for which we have a *permanent shortage* in the United States, and there are a number such.

There is cocoanut oil, vegetable oils for which there is a permanent demand for over a 70% supply and a permanent shortage in the United States. American capital invested in places like the Dutch East Indies could bring and could obtain a very simple monopoly of products of that kind which would make that shortage disappear entirely on a basis whereby the investment would easily yield not five or ten or twenty per cent., but one hundred per cent.; and we know of projects of that kind in existence because when the data obtained at the Peace Conference was made available, it was discovered that the reports of German engineers made in many countries, reports of investigators from all over the world, had

developed a large number of projects, offering large returns to American capital at that time because the capital of the rest of the world was all tied up.

Such projects exist to-day all over the world and to those projects which involve the control of raw materials which America must have and of which there is a permanent shortage.

Didn't it seem to you rather amusing, in a way, that during the war our steel mills were short of manganese—a key product which they must have, and that they were getting and had to get that manganese from a certain territory in South America, over a railroad which was for the most part German controlled? Those things still exist.

Take hardwood ties—do you know that at the present moment there is such a shortage of hardwood sleepers for the railroads that they are not obtainable, even in quantities, in this country to-day under two dollars apiece? Yet there are concessions to be obtained handily for American investment which could make some of our domestic opportunities look very ridiculous as a matter of net profit.

The kind of analysis that I believe an organization of this kind could make would run along these lines—showing what raw materials there is a permanent demand for and a permanent shortage of. Then it would be well to obtain what the opportunities are, what the projects consist of. Make available all this data that was developed at the Peace Conference and which to-day lies idle in Washington. The material is there and we are making no use of it whatever.

Through such organizations as the Edge Act, we have an opportunity to procure the investments of American capital to finance and construct such enterprises as would offer the opportunity for a steady American outflow of the goods of which we have a surplus.

Mr. Anderson just referred to the fact that this was not the time to extend long term credits. No! For the simple reason that there is no such thing as normal credits in Europe to-day. There is no such thing as normal credits, but there are other means of supplying goods that Europe wants.

I will take a moment to illustrate one or two ways by which aid is being extended to those people. Here is a Western equipment house which sold a million and one half dollars' worth of

equipment to Italian government contractors and has taken what we call cream securities as collateral, securities approved and passed upon by the foreign branch of an American bank. This Western equipment house could have sold a million and a half dollars' more of that same equipment which the Italian contractors very sorely needed for construction purposes, but the Italians could not pay for it. I happened into the city at that time and was talking with the head of this equipment house, who explained his problem to me. I told him that I was familiar with that particular group of Italian contractors and that I thought those contractors were in position to procure certain European products for which there was a ready market here. I referred, at the time, to Roumanian gasoline and beet sugar. I told him I was able to put him in touch with a New York agency which would immediately find a market for him for those products. He was interested and communicated with the Italian friends and they said they could get Roumanian gasoline of a volume equivalent to the amount of the equipment they very much wanted to have. The American agency agreed to send its own tankers for the gasoline and arrangements were made whereby, as soon as advice was received that the European product had been shipped, payment was made in a New York bank for the European product, and with the dollars obtained for the product, the Italian contractors secured the equipment they wanted.

There was no foreign exchange figured at all. The American equipment house got its dollars in payment and the Italian contractors procured their equipment. That kind of thing is being done. It can only be done to a limited degree, of course, because in these days no unlimited barter can be developed any more than you could attempt to transport American products in these times in coaches, as they at one time used to be carted. But it is being done and one of the practical results of the demonstration that has been made by such instances is this—that it has impressed more than anything else could impress upon the European merchants, the necessity of increasing their own productivity in order to enable them to supply goods for goods, whereby they can effect this exchange.

In closing, I suggest as one more factor in the program which an organization of this kind might develop, an investigation of those markets which are logically permanent for the United States, as opposed to the forced markets to which we have been giving a little too much attention during the past few years. The logical perma-

nent markets of the United States I call South America, India, China, South Africa, and not those countries in Europe in which we cannot compete with Great Britain, France and Germany in normal times on account of freight rates, etc., except in those specialties in which American genius and labor-saving devices, plus salesmanship, have created a definite market.

There has been no comprehensive analysis made of the potential markets for American products in the territories which belong to the United States as logical permanent territories, and yet we have been worrying ourselves very greatly about extending credits to Europe as if there were no other part of the world.

This question of long term credit to your foreign customers has come to be looked upon as a bogey. In South America they keep long term credits, yes—because the European exporter has accustomed and trained them to expect them, and their high and peculiar sensibilities are offended when you refuse the credits to which the European creditor has accustomed them. But even though you agree to extend those credits, the responsible houses with whom you wish to deal will not take advantage of them but will take advantage of discounts and pay their bills within thirty days.

The long term credit is a bogey—why? Germany did build up her business largely on that basis, but unprofitably. When the edict was issued cutting off remittances from German headquarters, the home office heads of the branch houses in China protested very loudly to the Chinese Government. Regardless of the protests, remittances were cut off and an investigation was conducted, with the result that not one single German house in China which was the branch of a German headquarters, was found solvent. So much for your long term credit system!

Thirty, sixty or ninety day term credit, for any of the responsible houses in any of the countries with which we have been accustomed to deal, is all that is asked, and that kind of credit is very willingly given by the American house that knows how to do business with any firm whose responsibility is assured, the result of checking up through its bank. (Applause.)

THE CHAIRMAN: If there are any questions, I am sure the speakers will be glad to answer them.

ADJOURNMENT

GROUP THREE
TRANSPORTATION AND COMMUNICATION
Wednesday, May 12, 8:00 P. M.
Civic Auditorium

The session was called to order by R. M. Calkins, Vice-President, Chicago, Milwaukee & St. Paul Railroad.

CHAIRMAN CALKINS: The meeting will please come to order. I have been assigned the dual capacity of presiding at the meeting as well as addressing the meeting on the subject of transportation, and it seems to be rather the fashion to follow a formal outline by reading a paper. I would much prefer to have confined my remarks to a straight out and out talk (Applause), because I think that this transportation question is so broad and so far-reaching and covers so many angles of the foreign trade exchange business that it is a crime to confine it to any one paper, because it is impossible to do it justice in such a manner.

But if you will be patient I assure you that it is short, and then we will have some interesting talks later on. The form of procedure, I believe, in these Group Meetings consists of, after the papers have been read, that it is desirable to have an open discussion on the subject by any one who is interested in it; and we hope you will all take part in that. The papers are confined to twenty minutes' time and the discussion will necessarily be confined to a shorter period. But if there are any questions that you desire to ask or any information pertaining to these papers that you desire, please do not be backward about asking those questions, because I feel it is only through an informal meeting and a discussion of these subjects in a simple way that we will get to understand foreign trade, and because I contend that it is a simple matter when you have analyzed the fundamental principles underlying it.

DEVELOPMENT OF EXPORT AND IMPORT
TRANSPORTATION

By R. M. CALKINS,

Vice President, Chicago, Milwaukee & St. Paul Ry. Co.

We are assembled upon this occasion to give consideration to a subject which concerns the welfare of every American citizen; for whether he be engaged in agriculture, mining, manufacturing or merchandising, he has a direct and vital interest in our Foreign Commerce. The lack of interest in and scant appreciation of this all-important subject is the surprise of every student and the burden of all engaged in its promotion, for at no time in the history of the country have the necessity for and the benefits of foreign trade been so outstanding and so appealing.

As the growth of our commerce exceeds the demands made by the domestic markets, the surplus can only be disposed of in the markets of the world. Our manufacturing institutions have shown a phenomenal growth and expansion in recent years, testing the capacity of the railroads to accomplish the movement of raw materials and manufactured products. That this situation has been recognized by the Federal Administration and by Congress is evidenced by the passing of the recent constructive Transportation Act which it is confidently anticipated will enable the carriers to provide adequate rail transportation to take care of our constantly increasing volume of traffic of every kind.

Our country is more dependent than any other country in the world upon its railroads for transportation—the greater portion of the tonnage from the farms, mines and manufacturing industries being produced in the interior of the country, and, therefore, subject to rail transportation for long distances before it reaches the consuming markets or ports of transshipment.

The American railroads have proven themselves to be the greatest commerce builders that the world has ever known. Through the wonderful system of interchange and communication established by them, the buyers and sellers of our domestic products have been brought into close contact. The system of through-zone rates has made it possible for the producer and manufacturer, regardless of location, to compete in the most widely separated and distant markets of our country.

In the building of this stupendous transportation system, it was necessary for the pioneers of these projects to undertake tremendous tasks, involving the spending of vast amounts of private capital contributed by themselves or realized by the sale of securities, all on the hazard of a successful outcome. Nevertheless, they stepped boldly to the front and opened up the most remote sections of our country, so that an efficient and economical system of transportation and communication was established. Since this initial work was done, it has been the constant effort of these great carriers to foster and encourage in every conceivable manner the territory, towns and latent resources tributary to their lines. Very low rates were made to the settler as an inducement to enter these new fields of endeavor and hew therefrom a home of his own.

The rapid settling of our western country should be an object lesson to every observer and proof conclusive that the method followed by these transportation lines has been productive of remarkable results not otherwise obtainable. Now that the construction of our railway system has been so largely completed and the work of opening up these new territories and countries has been virtually accomplished, it becomes necessary for us to look to other commercial fields as outlets for our surplus raw materials and manufactured products, and such fields must be beyond our shores in foreign countries.

At the outbreak of the great War, we were brought face to face with the stern fact that while we had a splendid system of land transportation, we were sadly lacking in ships to carry our produce to world markets in other lands, and in the stress of those trying conditions, we immediately arose en masse to an appreciation of the situation and "Ships, Ships and Still More Ships" was the cry from the Atlantic to the Pacific, and all realized that "To save the world, they must be forthcoming at once."

The ship construction program which followed was on such a gigantic scale that the world stood in awe at the magnitude of our undertaking; but that program has been carried forward so that at the present time we have in actual operation more than 1500 cargo-carrying ships operated by the United States Government under the supervision of the Emergency Fleet Corporation, and by the end of this year it is my understanding that this

number will be increased to 1944 vessels—all of the most modern and efficient type.

Of this magnificent fleet, every American can be truly proud, anticipating that if wisely administered we will in time largely control the markets of the world, and it is of the operation of this magnificent fleet that I wish to speak to you on this occasion.

Volumes have been written in references to how the American merchants can best secure and take part in the trade with other nations. Complicated plans for securing and financing such trade have been submitted by the score; but it seems to me that the simple and yet indispensable things in connection with the building up of our foreign commerce have been given the least attention of all. In the first place, the American citizen, in spite of the vast mileage included in his own country, is usually alarmed by great distances. He seems to be beset with the idea that to do business in Manila, Hong Kong or Colombo is necessarily a complicated and intricate task, which he has little desire or inclination to undertake. In other words, we have so formed the habit of doing business by personal contact, by phone or snapping our fingers, that we have no patience for the working out of a problem which may require weeks of time and thought.

Ask the average man you meet on the street what his opinion is of our retaining the Philippine Islands, and the usual reply is that in his opinion they are too far away and for this reason we should not concern ourselves with them, but turn them over to some other country to administer. I have often wondered when I have heard this answer whether the English merchant ever thought of giving up Australia or New Zealand, which are more than twice as far from London and Manchester as the Philippine Islands are from our shores.

The correction of the American people's thoughts in this connection is to my mind most important. To educate our merchants to the fact they do not need a patent appliance but merely ordinary methods to transact business with the people of foreign nations, regardless of their distance, is our task. Now let us consider how this can best be accomplished.

In the minds of railroad men, transportation and communication are fundamental to all of the instrumentalities which go to make up a perfectly balanced foreign trade exchange. When these instrumentalities shall have been established on well known trade

routes, advertised thoroughly through the various channels open to the organization operating over these trade routes, the buyer and seller of raw material or manufactured article will in the natural course of business be promptly brought together, and in this way the entire problem will be largely solved.

I have noted with much satisfaction what is known as House Bill 10378, introduced at the request of Senator Jones of the State of Washington, which provides for the establishment of a Marine Board appointed by the President, which will be empowered to take over all of the Government owned ships and to dispose of them by sale, charter or operating contracts to private individuals or corporations who may qualify as to their ability to perform the service under rules that may be laid down from time to time by this Marine Board. From a somewhat hasty examination of this measure, I am confident that while it does not pretend to correct many of the present evils which now exist in our shipping laws, it is nevertheless a long step forward, outlining a broad, constructive and comprehensive basis, which if wisely administered—should in time provide us with a system of ocean transportation that will meet our requirements.

In the mapping out and establishing the through trade routes, they should be closely allied with the principal railway lines of the country. In fact, there should be a very close working arrangement between the railroad and the shipping interests to the end that through rates and fares between foreign ports and all principal American centers be established and published, and through bills of lading and tickets be obtainable. The wharfage or terminal charge on all through business should be uniform at all of our principal ports. More elasticity should be given to the adjustment of these joint water and rail rates. We must not lose sight of the fact that, in the handling of this foreign commerce, we will at all times be subjected to the keenest foreign competition with water rates which will not be subjected to regulation but will, in all likelihood, be based upon the principle of what the business will stand.

By making this alliance between the shipping and the railway systems, a continuous and uninterrupted through service between foreign destinations and the principal American cities will be established with very beneficial results. Furthermore, such an alliance will encourage the railway lines to become interested in the as-

sembling and dispatch of the business, and, given the proper encouragement, will be very helpful in promoting the growth of our foreign business and in stimulating the proper handling of the same. Through the medium of these rail carriers and their allied connection, the American public can be more quickly educated and interested in the building up of foreign trade than by any other method.

In this manner Canada is successfully promoting her foreign business through the Canadian Pacific Railway Co., and their splendid fleet of passenger and freight cargo ships owned and operated in connection therewith.

American merchants must be encouraged to establish warehouse and distribution facilities at important foreign centers, and satisfactory organizations by the companies or individuals operating the various steamship lines should be established in all of the principal foreign ports where information with reference to American shipping can be readily obtained. Maps and guide books should also be prepared, showing the routes these vessels travel, setting forth the products of the various countries, together with their standards of weights and measures and the names of the principal dealers and manufacturers in each community, with tables of rates to interior points in foreign countries, and such other useful information as would be valuable for ready reference.

I realize these are all simple matters, but to my mind it is just such simple matters that must first be assembled and formulated in a comprehensive manner, in order that we may be brought into practical touch with the wants and necessities of the foreign trade. In other words, we must advertise to the world how the American Exporters and Importers can be found, and their facilities for efficient handling of all business offered.

To this end three kinds of transportation are necessary; the transportation of thought by wire or wireless; the transportation of communications and statements by letter, and the transportation of passengers and cargo by railroad and steamship lines; and the best results can only be obtained by the unification of all three into prompt, regular and dependable service.

I have spoken in reference to these ships which we have built during the stress of war, and I am just going to say a few words in connection therewith. The American people have already con-

tributed over \$3,000,000,000 to the construction of this wonderful fleet. But it seems to me, as a transportation man, that this is the time for us to take advantage of the opportunity that is presented to us. These ships should, in my judgment, be disposed of to well organized companies or individuals at a price which they can afford to pay. The Government can well afford, in my opinion, to farm these ships out and take a profit when there is a profit. When the railroads built these transcontinental lines across America they invested their money without any guarantee of return; they went out and established the service. They said, "This train is going to run every day in the year on such and such a schedule, and you come on with your business; you travel and patronize this line and thus build up the country which we have opened up to you." It seems to me, ladies and gentlemen, that the same application can be made to this foreign trade. I believe that transportation is fundamental. It underlies all foreign commerce, or domestic. We know we can have no prosperity, we can have no good citizenship, without it. The day is long past, such as occurred during the boyhood days of Abraham Lincoln, when the people spun the wool from the backs of their own sheep into clothes and tanned the hides from their own cattle for their shoes and ground the wheat which they produced into flour. To-day it is different. The American people, as no other people, are dependent upon their railroads to a greater extent than any other country in the world. No hamlet, no matter how remote, in this great country of ours can be without its rail transportation. And it has become so efficient that I say in defense of the American railways that they are the best in the world. (Applause.) And I make that statement under three conditions, ladies and gentlemen, if you will pardon me for the moment, while I tell you what they are: First, we handle the business over our railroads for less than any other representative country in the world. Our railroads are capitalized and bonded on an average for less money than any other representative country in the world. As an illustration, compare America's capitalization with that of England. America's railways are only capitalized for about \$66,000 per mile, while England, France and Germany are up in the hundreds of thousands of dollars per mile. And third, but not least, we pay the men—and every twelfth man in this country is dependent for his income from these great transportation lines—we pay them more than twice that of any other country in the world. And over these

great arteries of commerce there is handled more than thirty times the total rail tonnage of the world. I contend that that is an organization and a system which has required some thought and consideration to build up. And, gentlemen, they have been sadly neglected in the last four or five years. I heard to-day in the General Meeting the statement that we must dispose of our excess production. True. But how? Do you know to-day that in this country the railroads are not able to handle the production of this country? Do you know that in Johnstown, Pennsylvania, to-day there is over 100,000 tons of steel lying on the ground which they are unable to get cars for? Do you realize there is 50 per cent of last year's wheat crop in the State of Kansas that has not yet been moved? Do you realize that there is 173,000,000 barrels of grain of last year's crop in the hands of the farmers and in the warehouses in the States of Minnesota, the Dakotas, Montana and Wyoming alone, equal to 138,000 carloads? Do you realize that that is being held back for transportation? Do you realize that down here in the Imperial Valley I was told the other day that there are thousands of carloads of cantaloupes and watermelons that are just becoming ripe; and that in all probability they will be able to move only a small proportion of it to market? Do you realize that in the Northwest country there are hundreds of millions of feet of lumber stacked awaiting equipment to move it? And further, what is true of these commodities is true of the general business of the country. I say that the high cost of living is more directly traceable to an improper system of distribution than anything else.

And I want to say further, what is necessary to right this? We are now years behind the commerce of this country, at least, that is the latest authentic statement I have been able to gather. In the past three years our commerce has increased 48.9 per cent, while the freight car service in this country has only increased 1.9 per cent., 46 per cent behind the normal supply in taking care of the service. Now, what is going to be required to remedy this? We only construct, at full capacity in this country under present conditions, about 125,000 box cars per year. And the mortality of a box car is almost equivalent to your profits on the railroads, and it will require the equivalent of 500,000 box cars to fill up this gap and to place us where we are on a safe footing and in a position to move our business. So under those conditions it is going to take at least three years, working at full capacity, before we are up to it.

Now, I am going to say this: It is a difficult task—I could talk on this subject, my friends, here until morning and still wouldn't tell you all of it—and where is that money coming from?—500,000 box cars that we need? At the present cost—what I have said of box cars is true of engines; it is true of sleeping cars and everything else—we are short of the equipment, impossible to supply the demand. We must raise, the railroads of America must raise, to provide that 500,000 box cars, the equivalent to \$1,500,000,000, and Congress only appropriated in its recent Bill a revolving fund of \$360,000,000. It is absolutely insignificant and will not meet the conditions of the country. We must go out and raise this money through popular subscription. And in order to do that we must do as the Chinaman says, we must get our face back. We have lost face. The railroad credit has been destroyed. It must be re-established. And when that is done, I say to you that these railroads, coupled up with your steamships, with the steamships that we have, and given the proper encouragement that they should have to carry out this wonderful work, that will go farther to solve this foreign trade than any other one thing that I know of. (Applause.)

Some years ago the Company which I represented entered into the foreign trade business. I think we had four ships. They didn't fly the American flag, and it was somewhat doubtful whether we would be able to fill them. Well, in a few words, I want to say to you that that was ten years ago and there never has been a ship—and that fleet to-day consists of more than twenty or thirty vessels, possibly more than that—there never has been a ship that has left one of our wharves that didn't leave cargo behind. So you see, gentlemen, we could have done twice the amount of foreign exporting through these ports on the Pacific Coast if we had had the bottoms to carry it. But we had no bottoms. We had no facilities, not even at Manila in our own possessions. Perhaps some of you gentlemen were handed this little circular when you came in this morning. I saw a little Filipino down here handing them out. I don't know whether you noticed it or not, but I did, and I would like to just call your attention to a few of these statements in here. It is headed, "Come across. A word to the Seventh National Foreign Trade Convention about the development of the Philippines." In 1919 their foreign trade was \$232,000,000. Sixty per cent of that trade was with the United States in spite of unwarranted difficulties. Why? Because of an unreliable, inadequate, uncomfortable

American passenger service. Thousands of people are over there trying to get over here but can't. Thousands of people here are trying to get over there, but can't. It is because of irregular and non-dependable freight service. Now, that is our possession. Those are our own lands. We took them away from people who were incompetent to manage them, and we paid for them in our good coin. And, gentlemen, we have been doing a magnificent work in Manila, in the Philippine Islands, in the way of education and sanitation, in the building of schools, in the building of roads; but we stopped right there. I was in Manila and called upon some of the American merchants there, and I was told, "What is the use? We can't get any space; we can't do any business; not an American ship, cargo-carrying ship, has entered Manila Bay in the past five months—nothing but Army transports. How can we build up a foreign commerce under those conditions?" I leave it to you, gentlemen shouldn't we furnish facilities for our own country so that they can travel and ship by our own boats? It seems to me that we should.

Now, there is another question; and as I have said to you before, when these lines are established and it is known that this ship is to sail on the date on which it is scheduled to sail, publish the sailing dates a month in advance so that the shippers can take their freight to that vessel and so they will know that the boat is going to sail on that date just the same as our trains are scheduled. I tell you you will be surprised at the jump that our foreign trade will take at once. We are under many obligations to our connections across the Pacific who have come over here and, through their industry and thrift, have built up a wonderful commerce; and, gentlemen, they are entitled to the credit because they came here and they learned our language and they found out what we wanted to buy and they found out what we had to sell and they went back home and they built the ships and they put them under a subsidy of their government, subject to a fine or forfeiture if they did not sail from the port on the day they were scheduled. And what has been the result? Our immense foreign trade business across the Pacific is due to the thrift and to the foresight of those people. So that 93 per cent. of all of the tonnage handled across the Pacific from America has been handled in foreign bottoms, and we have got them to thank for it.

I will close with those remarks now and we will proceed with our regular schedule. (Applause.)

The next subject on our program is that of Port and Terminal Facilities, by Mr. B. F. Cresson, Jr., of New York City, a gentleman who has been actively engaged in the working out of the port accommodations and facilities of New York; but I regret to say he is not with us to-night. Mr. C. J. France, of the Port Commission of Seattle, will read the paper that was prepared by Mr. Cresson. I am sure it will be very interesting and instructive.

I take pleasure in introducing Mr. France. (Applause.)

PORT AND TRANSPORTATION FACILITIES

By B. F. CRESSON, Jr.

Consulting Engineer, N. Y.-N. J. Port and Harbor Development Commission

It is with a sense of great responsibility that this paper dealing with the subject of Port and Terminal Facilities is presented before this representative body of men. It is realized that within the National Foreign Trade Council are men who are directly in contact with the transportation problem in all its phases; it is the purpose of this paper to indicate briefly and as positively as may be the necessity of drawing the attention of the commercial interests of this country to what in the judgment of the writer is the greatest need, if American manufactured products are to compete successfully in foreign markets.

It is safe to say that almost without exception public and private interests at seaport cities in this country are becoming alive to the necessity of increased terminal facilities in order that it may be attractive for business to pass through that particular port.

Even a cursory examination of the administrative arrangements, of the physical layouts, of the mechanical equipment and of the general operation at the older foreign ports would indicate that they have progressed further in the science of port engineering and operation than we have in this country.

Much of our development may be said to have been rather haphazard than carefully planned in view to further expansion; the time is here when we must take a broader view of port development than we have taken in the past.

It is significant that New York, which is the premier port of

this country, has realized the necessity of broad planning. The port itself is divided by a state line, a portion of it lying in the State of New York and another portion in the State of New Jersey, and within these states there are many municipalities with jurisdiction over the waterfront of the Port District; under the rivalry of local competitions between the communities and the states, it has been impossible to develop a general comprehensive port plan under which the different parts of the harbor would be devoted to the best commercial uses and conditions would follow which would make it possible to utilize the economic possibilities of the various localities within the port in order that the port as a whole may be of the greatest service to the commerce that passes through it.

There have been in the past real conflicts between the two sections of the port, and this has extended to a point where petitions for rate differentials have been presented before the Interstate Commerce Commission and the two sides of the port have been in active conflict. This, while it stirred up for a time bitterness between the different parts of the harbor, at the same time it drew the attention of the commercial interests to the actual conditions that exist at the port, and it spread in the public press facts concerning the shortcomings of the port and the effect that these shortcomings was having upon its business.

Under this pressure of public sentiment the two States enacted similar legislation appointing a joint Commission representing the two states "to negotiate or agree upon a joint report recommending a policy to be pursued by the State of New Jersey, the State of New York and the United States by legislative enactment or treaty or otherwise, to the end that said Port (Port of New York) shall be efficiently and constructively organized and furnished with modern methods of piers, rail and water and freight facilities, and adequately protected in the event of war."

For the past two years the investigation of conditions at the Port of New York has been under way, and the general plan which is approaching completion should be submitted with recommendations as to methods of carrying it out during July of this year. Among the recommendations that the Commission has already made is that a Port District be established, taking in the active parts of the entire port, and that over this district there should be placed a central port authority—this port authority to be made up of members appointed by the governors of each state, and that there should

be submitted for the approval of the Legislature the comprehensive plan of development; upon the approval of this comprehensive plan, it should be recognized and fixed as the plan under which reorganization and future developments of the port should be carried out.

Ample protection under the legislation is provided to municipalities within the district so that whatever has been done may not be adversely affected, and in order that private or public initiative should not be discouraged. Such a plan and compact between the states would further be subject to Federal correction.

The engineering investigation involved in the preparation of this comprehensive plan has been very broad. It has included an intimate study of methods of operation within the port district; including the various rail operations conducted within the port, the operation of steamships, their loading and unloading, the distribution of commodities within and through the port by float, lighter, rail or truck, and the delays and costs incident to each part of these various movements.

To gather this information it has been necessary to place in the field a large force of observers to record the actual physical conditions of operation, and to place on the books of the carriers duly qualified statistical forces in order that tonnage figures and detailed costs of every particular operation should be determined. This investigation has included also the time consumed in the movement of commodities through the terminal district and has recorded delays to railroad rolling stock, to shipping, to trucks, and these through analysis are separated into unavoidable delays and delays which could be avoided by better methods of operation, by better layout and by better equipment for handling cargo.

A thorough study was necessary of existing conditions before it was felt in any way possible to devise new plans, new layouts and new methods of operations, and such plans as are proposed and recommended are supported in so far as possible by a proof of the economies that can be effected by such plans. In other words, the comprehensive plan to be submitted will in general be supported by an economic proof of its soundness.

In the study of conditions at the Port of New York, much that has been learned concerning port and terminal operations is applicable to conditions elsewhere. It is largely because of this exhaustive analysis of port conditions and of the intimate associa-

tion with this investigation, that the writer is emboldened to present this paper.

As matters now exist, there is no question but that in the transportation of American manufactured products to foreign markets the limiting point is at the marine terminals, and the effect of this limitation is not only in the halting of goods at the waterfront, in the expensive rehandling, loss by breakage and theft, and loss of interest, but also in the delays that occur to railroad rolling stock and to ocean carriers.

The responsibility for this condition cannot be said to rest solely with the railroad companies, nor with the shipping companies, nor with the public authorities at the ports, although each has failed to appreciate its responsibility to the others. The principal responsibility appears to lie in the fact that there has been a lack of appreciation of the relation of the different geographical parts of our great seaports, of the railroads entering the ports and serving the ports, and of the navigable waters within the ports. Too often a railroad company or a steamship company or a municipality has acquired a limited section of property within a port district advantageously situated, and has planned an individual terminal unit which within itself may perhaps be complete, but which might better be considered as a part of the general port plan. There have been instances where properties have been acquired at localities unsuited for development at that immediate time and of such character that it was difficult if not impossible to lay out and construct a modern terminal unit within a reasonable cost and in that case the responsibility for lack of success lies not with the railroad company, or with the ship owner, or with the engineer. Many times the lack of success in the operation of a terminal has been due to lack of proper appreciation of the general port situation in the acquisition of the property which the engineer is called upon to lay out.

There is much public discussion at our seaport cities as to methods by which port facilities may be enlarged and improved, but before definite steps shall be taken in the extension of terminal facilities at the ports, the municipalities or public or private interests should make sure that the property to be acquired and improved is that best suited to the requirements of the port as a whole, properly located and of such size that it can contain all the elements necessary for a modern terminal, and that upon its full development,

the growth of commerce should not be further limited by lack of ability to expand.

There should be sufficient public control that private interests, whether they be railroads, steamships or terminal companies, should submit their plans and proposals to a duly qualified public port authority and there should be sufficient control to insure that whatever is done will be a part of the general plan and will not serve as an obstruction to the further growth of the port.

While general rules for terminal layouts cannot be laid down, still there are certain observations that can be made which apply to marine terminals in general.

It would be well at this time to consider the movements of freight through a port terminal and the facilities that should be provided in order to expedite these movements. In the movement of export freight, that freight may be received at the port terminal either by railroad car, by truck or by water-carrier (air service will be referred to later), and provision must be made to promptly receive such freight and place it most convenient for subsequent handling. The freight so received may be either bulk freight or general merchandise and it may be received at a time when the ocean carrier is immediately available for loading this freight, or it may require storage, either short term storage in transit sheds or a longer time storage in warehouse.

For bulk freight—in which category may be included coal, grain, lumber, ores, cotton or other similar commodity—a portion of the terminal should be set aside and properly equipped for handling these special commodities. If the vessel is ready, the car may be moved directly alongside and by proper machinery it may be conveyed without any intermediate stoppage directly from the rail carrier into the vessel. This same applies where bulk cargo is received by barge or other vessel navigating inland or coastwise waterways, and may be brought directly alongside of ship, and if this transfer can be made direct from one carrier to another, one saving in handling can be effected; but at terminals where bulk cargo is handled, it will never be safe to rely solely upon direct interchange, but storage should be provided directly at the waterfront where special machinery will unload the cars immediately into storage and where machinery will be available to handle the cargo between the storage and the ship.

In the handling of mixed cargo or merchandise freight pro-

vision should be made for handling packages of considerable weight. This can be effected either by installing on the waterfront where cars can come directly alongside of ships, of heavy cranes, either stationary or of the movable gantry type, or what is probably equally effective especially when there is not a large volume of this heavy commodity cargo, to install as part of the harbor plant floating cranes and derricks which may be moved from place to place about the harbor and serve the purpose of a stationary derrick in handling heavy packages between land and ships.

In a port handling general cargo business, the plant for handling bulk freight is usually a secondary part of the harbor proper, but this is determined largely by the volume of bulk freight that may be expected to pass through the port.

In the handling of mixed cargo or merchandise freight the development may be either of the quay type where vessels will lie along bulkheads parallel with the shore, or greater use may be made of the waterfront (should that be limited) by the construction of projecting piers. If the quay or bulkhead type should be decided on, it is usually preferable that railroad tracks run along the face of the bulkhead, but these tracks should be exclusively for the handling of freight between cars and ships and this space between the transit shed and the ship (which will be referred to later) should not be cluttered up nor obstructed by the handling of cargo between the transit shed and railroad cars. That service should be performed from tracks at the rear of the transit sheds and away from the face of the quay.

In the quay type of construction, immediately behind the tracks—which should be two in number at least—there should be placed a transit shed either of one or two stories, or if foundation conditions are favorable it may be desirable to go into greater height, but when more than two stories are provided at a transit shed, that shed then undertakes also the performance of the function of storage of freight in addition to being purely a transit facility. At certain points it may be desirable to eliminate the tracks between the shed and quay, especially is this the case where there is a considerable volume of local business, and in these cases the shed may be built within 15 feet or less of the face of the quay and the building may go into as many stories in construction as foundation conditions and the requirements of commerce indicate to be economic.

There is much to be gained in a port terminal where a large amount of local business is to be handled by having a section of the port with the warehouses and storage directly along the face of the quay without providing intervening tracks. In such event, it is likely to be found advantageous to step the various stories back as they increase in height in order that a working or landing platform may be provided at each floor where cargo may be handled conveniently directly from that floor into or out of the ship.

As to machinery on the quay type of construction, gantry cranes where tracks intervene between the transit shed and the face of the quay are generally preferable, the best type being the semi-portal crane—one leg traveling along a rail near the face of the quay and the other rail being supported on a bracket at the face of the shed. This leaves the tracks entirely unobstructed for the movement of cars or of freight, and when the cranes are not in operation they in no way obstruct the movement of freight. These cranes may be used either in the loading of cargo themselves or may supplement the operation of the ship's tackle, and for the handling of general merchandise freight they should be of capacity not exceeding three tons at full radius. Combining two of these cranes it would be possible to lift a load of six tons, which is likely to be sufficient to handle any ordinary package presented for trans-shipment.

On the face of the shed it is likely that cargo masts will be found advantageous as they extend the range of operation of the ship's masts and the general practice of handling freight by the burtoning process is well understood and in general practice. The cost of the cargo masts on the sheds is a small item and they may be used or not as the occasion demands.

For the handling of freight from warehouses directly along the face of the key where there are no intervening tracks, some type of straight-line roof crane will be found advantageous. These should be of about the capacity of the aforesaid gantry cranes and will be found useful in the rapid handling of freight and in supplementing the burtoning operations by the ship's tackle.

It is believed that a form of quay construction using one-story transit sheds, some form of straight line crane serving both ships and hatches in the roof of the shed, will show excellent results where conditions are favorable.

For the movement of freight within the transit shed and be-

tween the transit shed and the ship's side, as well as between the transit shed and the storage buildings to the rear of the transit shed—which will be referred to later—no more successful type of machinery has been devised than the storage battery truck. For the short-haul movements up to say 125 ft. load carrying trucks or trucks of the elevating type are the most efficient, but for longer movements it will be found that freight can be moved more advantageously by tractor-trailer trains, the trailers being drawn by tractors usually in trains of about four, and these trailer trains may be moved from any point within the transit shed or from the storage shed directly in the rear of the transit shed to alongside ship; while the cargo is being handled from the loaded trailers the tractor itself may be returning a train of empty trailers for an additional load. In the general operation of tractor-trailer trains there should be provided about three trains of trailers per tractor, one train loading, one train unloading, one train moving.

In a double deck transit shed it may be possible to utilize one level for inbound freight and the other level for outbound freight, and in that event there may not be the necessity for a large amount of movement of freight between the two floors, but provision should be made in any such shed to take care of such movement. Spiral chutes will be found advantageous for the lowering of freight from the upper floor to the lower floor and for the raising of freight on storage battery trucks or on trailers, elevators should be provided. Where there is a large elevator movement and where this movement is anticipated to be by tractor trailer trains, the elevators should be designed having due regard to the size of the trailers and to the length of the trains. If four-car trains are provided, the elevators will be quicker loaded and quicker unloaded if the tractor can pull the train coupled directly onto the elevator permitting the elevator to lower or raise to another floor, where a tractor will connect with the train and draw it from the elevator. Such an elevator might perhaps be 9 x 40 and greater economy will be found in the movement of freight in such an elevator over one which might accommodate the same number of trailers but which would require the trailer train to be separated and the trailers loaded perhaps two abreast. Where ramps can be used they are of considerable advantage in that they provide for a continuous movement, but as a rule they are wasteful of space and the movement is complicated by the necessity of having either shorter trains on

down grade or trailers more closely coupled than may be considered advantageous in order to prevent the train bunching while descending a grade in excess of about 3%. One of the great advantages of the present operations of tractor-trailer trains is the ability to turn corners and the trailers to practically track after the tractor, but with short coupling such as would be necessary in the operation of steep down grades, this accurate tracking cannot be conveniently provided for.

The transit shed should have railroad track connections on the rear and the floor of the shed which is without break between the face of the key and the face of the platform on the rear should be raised at that point to car floor level so that freight may be taken directly out of box cars and moved into the transit shed. A platform outside of the shed alongside of the railroad track is advantageous and should not be less than 10 ft. wide in order that a certain lateral movement may be made outside of the shed and delivery not confined to the particular shed door opposite the car door.

It is a question which cannot be generally answered as to whether with a tractor trailer operation, trucks should be excluded from the inside of the transit shed or whether they should be permitted to deliver or receive their freight directly within the shed. There are many advantages, in the economy of space in the shed in the elimination of driveway space, by having trucks drive up and deliver their freight or receive their freight at a platform in the rear of the shed in the same manner that the railroad freight is handled, but there cannot be any general rule as to this. Local conditions will control.

To the rear of the shed should be placed also ample driveway for trucks, either for the purpose of delivering to the platform back of the shed, or of driving into the shed, and behind this driveway there should be the storage reservoir. This storage building may be of any height, preferably not more than eight stories, and should be for storage purposes. The floors should be designed for proper loading and above the second floor the clearance between floors and ceilings should not exceed $10\frac{1}{2}$ ft.

A direct connection should be made between this storage building in the rear and the second deck of the transit shed, by overhead bridges spanning the railroad tracks and the highway, so that movement may be made by a tractor trailer operation without in-

interference with railroad or highway traffic, transporting the freight as needed between the storage building and the transit shed alongside the ship.

Inasmuch as the character of cargo handled through storage buildings and transit sheds is usually of an inflammable type, automatic sprinklers should be provided in order to control any fire and in order to decrease the insurance rates.

There are various types of construction which may be employed: in tornado infested waters the bulkhead may be constructed either of precast reinforced concrete, either blocks or piles, or sufficient protection may be had by the proper creosoting of timber piles; where deep water is required at the face of the quay it is usually economic to construct a retaining bulkhead back from the face of the quay and to construct a platform outshore thereof to form the face of the quay.

For the operation of tractor trailers a smooth pavement or flooring is essential, and this may be obtained either by the use of concrete with the floor surface sufficiently hardened, or by the use of certain types of asphalt block. Certain wood block surfacing has also been found desirable, but the local uses and conditions will largely govern.

The transit shed had best be built as a steel frame structure, with sheet steel sidings and the design should be made, particularly if tractor trailer operation is contemplated, so that the column spacing may be sufficiently wide as to not interfere with the movement of trains.

The character of foundation will largely determine the column spacing, but every column that can be omitted from within the shed should be omitted.

Where the face of the transit shed is set back from the face of the bulkhead, sliding doors will probably be found adequate as there will be a working platform between the face of the shed and the face of the quay, but where the structure is placed immediately adjacent to the face of the quay without intervening tracks, some form of continuous doors should be employed.

The storage building may preferably be of ordinary concrete construction with column space perhaps every 20 ft., and great care must be taken in designing the elevator equipment so as to prevent undue length of haul within the storehouse without sacrificing storage space.

Railroad tracks and truck highways should lead also to the storage building itself where freight may be received directly from railroad cars or trucks for storage or from storage to railroad cars or trucks without interfering in any way with the operation of freight into the vessel or into the transit shed.

In short, there should be two distinct buildings for the handling of commerce on the quay type of construction: the transit shed where the inbound freight will be received from the ship and the outbound freight will be collected ready for the ship; and it is a mistake in designing quay structures of this type for general merchandise business to attempt to combine storage of freight with the active movement of freight.

A form of quay or bulkhead development that has much merit, especially where there is upland to accommodate single story storage, is a type with the transit shed parallel to the bulkhead and single story storage buildings directly connected with the rear of the transit shed and extending back at right angles to the transit shed. These may be of perhaps 150 ft. in width and delivery to these storage sheds is arranged by placing railroad tracks on one side and a highway on the other side. If several of these storage sheds are placed, it can readily be arranged so that the railroad tracks and the highways can alternate between the storage sheds. This type operated with tractor-trailer trains will be found to be satisfactory, rapid and efficient. Platforms should be placed outside of these storage buildings so that movement may be made directly between railroad cars or trucks and the transit shed or shipside by tractor-trailer trains without the necessity of reserving aisle space in the storage buildings themselves.

As a part of any port terminal a railroad yard for receiving, forwarding, holding, classification, transfer, etc., of freight is essential and ample space should be set aside so that there will be no undue delay in the handling of goods due to inability to promptly pick out the cars as they are needed.

In the pier type of terminal much that has been said concerning the quay type is also true. The sheds on the piers should be considered as transit sheds essentially, and they should be supported by warehouses and railroad tracks. The general tendency in the piers at port terminals in this country is to make them too narrow. Where ships are to dock on both sides of the pier, the pier should be sufficiently wide to have the necessary transit stor-

age facilities sufficient for each ship alongside each ship, and they should generally be considered as a double quay construction.

Another fault that is evidenced in many of our piers is in placing the sheds too close to the side of the pier. Where sheds are immediately along the face of the pier, the use of cranes is practically precluded as is also railroad tracks, and a space from 20 to 35 feet dependent on the number of tracks which shall be placed outside of the pier shed is advisable. Whatever railroad tracks are built outside of the shed along the face of the pier they should be distinctly for handling freight directly between cars and ships and should not be for the purpose of handling freight between cars and transit shed, and this service should be discouraged in every way. Where railroad tracks are not placed between the shed and the ship the shed should generally be set back 12 feet or more from the face of piers. Tracks may be placed inside of the pier to receive and deliver freight to the shed itself and if the pier shall be made sufficiently wide these tracks can be placed in a trench so that the level of the pier deck will be the same as the level of the car floor.

The tendency also in pier layouts is to have the slips between piers unduly narrow and with the modern type of freight carrier it is desirable that this space should be from 250 to 300 feet wide so as to allow ships to lie alongside and to allow lighters or barges to breast alongside of the ships away from the pier, in order to directly deliver or receive cargo to the ships.

At certain localities an auxiliary lighterage service is desirable in order that the ship may load both from the pier and from lighter alongside and facilities for serving lighters should also be considered as part of a general terminal.

Sight must not be lost of the fact that the motor truck has developed and is further developing into an exceedingly important medium of transit, particularly on short-haul business up to say one hundred miles, and on account of its ability to run directly from the point of origin of the freight to its destination eliminates a certain amount of handling of goods at freight stations, and owing to congestion at railroad terminals is able to make deliveries generally quicker than can the railroads.

In any form of terminal development it is desirable that motor truck service be provided, and when any material amount of this business is contemplated, a motor truck yard with motor truck

platforms and freight houses conveniently accessible to the highways as well as to the docks should be included.

It is probably fair to say that further advance has been made in foreign countries in the conception of the possibilities of air service for the handling of freight. In European countries they are at work already in establishing air lines of traffic between cities and countries, zoning the air into routes and elevations for movement in various directions and at various elevations, and already machines have been perfected able to carry substantial loads.

It would be unwise to disregard the possibility of advancement in this art of transportation, particularly in terminal plans involving extensive areas of development, and it would not be difficult to provide landing fields conveniently located and properly laid out for the handling of freight received or delivered by aeroplane or dirigible.

Perhaps it might be considered unwise to have dealt with the subject of terminal layouts in so much detail, but the subject is one of so great importance to the business of any port that it has been felt desirable to indicate some, at least, of the details which must be taken into consideration in any general terminal layout.

It is too much to say that port facilities built beyond justification will prove successful, but it is safe to say that inadequate port facilities improperly designed and constructed would always prove a handicap to the growth of any port.

The effect of port facilities upon the foreign commerce of the United States was discussed by the writer in a paper delivered before the recent Annual Meeting of the Chamber of Commerce of the United States, and the liberty is taken of quoting four short paragraphs from that paper.

"If the products of American manufacturers are to compete with products of other countries in the foreign trade markets of the world, the neck of the bottle in the American transportation system must be enlarged.

The American railroad as a medium of transportation has made great progress in the past two decades and the American manufacturer can look forward to having his increased output carried with speed and economy from the point of manufacture to tidewater for shipment abroad.

Great ocean freight carriers are appearing on the high seas, having increased carrying capacity and increased speed, and so far as the ship itself is concerned with its improved tackle to aid in the discharge and loading of cargo, it may fairly be said that this medium of transportation has kept abreast of the times.

The principal point of congestion, expense and delay in the transportation system between this country and foreign countries is at the point of contact between the railroads and the ships, and this point is the neck of the bottle in the American transportation system."

As to the question of freight handling machinery which has been so much discussed, there have been grounds for hesitation on the part of steamship operators and public or private interests in making terminal layouts which contemplate a departure from the American custom of handling freight between ships and shore, which is mostly by the burtoning process and the use of ship's tackle and cargo masts and winches on piers.

It seems highly probable, however, that with a properly designed pier or quay construction where provision has been made in the location of the shed and railroad tracks for machinery, and with a sufficiently wide pier, that economies can be effected by the installation of cranes and other cargo handling machinery. These economies will be not only in the actual handling of the freight but will also be in a quicker turnaround of the ship, and the ship owner can afford, if needs be, to pay more per ton for the actual loading of his ship if he can load it quicker.

The American manufacturer has been eager to accept the use of new machinery in his mill and shop, and it is strange indeed that the American shipper and the American ship owner has been content to depend so largely upon manual labor and what may be considered unduly slow methods in the loading and unloading of cargo on shipboard.

My plea to this National Convention is that this past policy of haphazard port development should cease and that the communities themselves, through the proper authorities, should by study and proper planning make sure that all future work shall be done along the most modern lines of port planning and in accordance with the knowledge that has been acquired through the

experience of other ports, not only in this country but abroad. (Applause.)

CHAIRMAN CALKINS: I hope you will remain seated, as many as possible, because I think we have a real treat for you before we get through. I am sure you will be interested. If there is any one present who would like to ask any questions or start a discussion on these subjects, we will welcome them, glad to hear from them.

MR. HINCKLEY (China Commerce Club of California): Mr. Chairman, the very interesting remarks of our distinguished and able Chairman, followed by Mr. Cresson's very interesting paper naturally keep us from saying much about San Francisco. But we who stood the earthquake and the fire, imbued with the spirit of the old folks at home, the people across the mountains, are here on the Western front of Western civilization. And the statistics that were given in relation to the amount of trade carried by our friends in Japan related, I think, to the war time, and a similar set of statistics could be given for the Atlantic trade just preceding the war and with respect to our British friends. But through the Pacific Mail we have pioneered into the Orient and we are still pioneers. You are some 250 years old in New York. We are a little more than 60 years old. The Japanese have an old civilization, very unified, and it is easy for them with their splendid system of law to concentrate upon a national effort. But we feel sure, we who are the pioneers, we who are at the Western front of this great commercial war that we are now entering upon, really a rivalry of peace, we are sure of the support of our friends in the Eastern part of the United States. To be sure we face a rivalry of the Great Powers in the Pacific. But America won the war and America will have a very large part, and we believe the dominating part, in the future of the world as to the Pacific. But we need to stand together. We need to ship American goods in American ships and sell them by American agents. And we who are at the front are quite willing to go over the top and hold the Pacific for our United States. Just see our Western water fronts, Seattle and San Francisco, and note the progress that has been brought about within a few years. (Applause.)

CHAIRMAN CALKINS: I am sure I had no intention of casting any reflection upon the pioneers of American shipping. But I

spoke of the situation as a whole. Are we as Americans proud of the part we have taken in foreign commerce handled in our own bottoms in years that are past? That is the question. Haven't we gone out and hired the wagons of the other fellow to take our goods to market? But I say that now is the psychological time. We have the ships. It is only a question of allocating them so as to perform the service which is so essential to conserve our trade with this billion of people which you on the Pacific Coast have prepared to take care of. I want to see those ships, a fair proportion of them, allocated to the Pacific Ocean so that the business which Mr. Dollar spoke of to-day, the wonderful possibilities in this Far Eastern country, would be realized, because I fully believe, gentlemen, every word that he told us to-day, that the day is coming when the centralization of foreign trade is going to be on the Pacific Ocean. I believe that just as firmly as can be. And I am going to give you a few reasons why I believe it. Facing us on this great Pacific are a billion people, as Mr. Hinckley has spoken to you—more than twice the population of Europe and South America combined. And don't fear for a moment that these people are not intelligent commercially and alive to the possibilities of their country. Think of it, gentlemen, 400,000,000 people with about 17,000 miles of railroad and only 40,000 miles of telephone and telegraph lines as communication, and their country is larger than ours. We have 255,000 miles of railroad and 40,000,000 miles of telegraph and telephone lines. Compare it with what they have and see what they will do when they get some of these modern facilities. And I tell you they are ready to take advantage of them. They are waiting for us to show them how they can get the goods. They have got the money, don't be afraid of that. They have got the credit.

The next subject is that of Communications, a paper prepared by Mr. Gordon C. Corbaley, of the Seattle Chamber of Commerce. Mr. Corbaley is unavoidably detained and cannot be with us. Therefore, Mr. Paul Clagston, from the District Office of the United States Chamber of Commerce, San Francisco, has very kindly volunteered to act in Mr. Corbaley's behalf. Therefore, I take pleasure in introducing Mr. Clagstone. (Applause.)

PACIFIC COMMUNICATIONS

By GORDON C. CORBALEY

Ass't to Pres., Seattle Chamber of Commerce

Suppose you were preparing to close a deal for the sale or purchase of a large quantity of some staple commodity.

Then suppose that when you sent your telegram to close this deal on a market that was full of daily fluctuations, you knew that it would be fully eight days before that telegram would be delivered and that it would be another eight days before you would have a reply either confirming the transaction or telling you that you were too late.

Then suppose that when you actually did close this deal and wanted to send the documents of confirmation you knew that these documents would have to be thirty days in the mail on their outward trip and then would take another thirty days coming back to you.

And suppose still further in this condition of handicap that all of your telegrams were being read by a partner of your keenest competitor.

These supposition sound so out of line with modern business methods that no normal man doing business in America will believe them possible.

Only frontier business can be transacted in that way.

And yet a business of nearly two billion dollars has been done during the last twelve months under just these circumstances.

That is the business that has moved to and fro across the Pacific. The telegraph lines are the two slender strands of cable that span the Pacific. The slow mail service is the sort of mail service that has just grown without intelligent planning and co-operation by our Government. The partner of your competitor who reads your telegrams is not a figure of speech. In all other great commercial nations the Government is in partnership with business, and this partnership means that American cablegrams will be read to the damage of American business until America follows the example of the great competitive nations and has a communication service of its own.

Before the great War, commerce was just pioneering across

the Pacific. A thin American service was maintained out of San Francisco largely as an extension of the pioneer line to Honolulu. James J. Hill tried to establish a great world's service from Seattle to Japan and China but found that trade channels were not yet ready for the turning. The Canadian Pacific was maintaining regular service out of Vancouver as a part of the pioneering that the British always do.

Practically the entire trade of the Orient was flowing through the Mediterranean. It had been traveling that way through all the centuries and commercial and financial organization ties were holding it rigidly in that channel. America was beginning to do a big business with the Orient, buying raw material and shipping its finished products, but most of this business was through European middlemen and nearly all of its business went across the Atlantic.

The deep well-worn trade channel to the South of Europe was effectively dammed and this commercial structure of the centuries was disrupted when the Kaiser's submarines plugged the Suez Canal and thereby forced a direct exchange between the Orient and the great industrial nation that was reaching everywhere to gather supplies for the Allies.

This turning of world trade channels found the Pacific utterly unprepared. The facilities sufficient to handle the commerce of one hundred million dollars in 1910 were not sufficient for a commerce ten times greater only six years later.

Ships were found to carry the freight, most because the Japanese seized upon this business as their own. But the whole commercial structure to develop and control this freight had to be rebuilt over night. The supporting framework upon which that business had to rest—the ability to communicate between countries in a modern way—simply was non-available and this new business has had to be done under a handicap almost unbelievable.

Until twenty years ago there was no such thing as rapid communication across the Pacific. Even at the beginning of the War the most of the American deals were closed over the cables to Europe and thence by cable or land lines to the Orient.

There are just two cable lines across the Pacific in contrast with the seventeen more efficient and shorter cables across the Atlantic.

The one American line is the Pacific Commercial Cable from San Francisco to Honolulu, to Midway Island to Guam and

thence to Manila, with a traffic arrangement with the Japanese cable from Guam.

The one British cable is from Vancouver to Brisbane, thence across Australia and by cable to Singapore. The main dependence of American business has had to be on the single strand of the Pacific Commercial Cable and this dependence has been especially violated by the fact that the western end of that cable is laid on sharp coral rocks, and the wearing of those rocks has caused many breaks near Midway and especially in the San Bernardino Straits.

Let me illustrate just what this congestion has meant. On August 5, 1919, there were incoming cablegrams awaiting transmission sufficient to keep this cable going day and night for eleven days, and outgoing cablegrams were eight days behind.

Mail confirmations frequently arrived before the cablegrams themselves. During the entire War period there was scarcely a week when mail did not cross the Atlantic in less time than cablegrams crossed the Pacific.

Wireless should have carried part of the load but wireless on the Pacific was equally new. Service was first established to Honolulu in 1914 and there was no direct service to Japan until the Fall of 1916.

Then the United States went into the War. The Navy took charge of all wireless stations and commercial wireless was a thing of the past.

The conditions that I have just recited as typical of War times are largely the situation that prevails to-day.

The Pacific Commercial Cable is still far behind. Yesterday morning the delay was 90 hours.

The wireless service is back in private hands but it will be months before the reorganization brings this wireless up to full efficiency.

The Navy is helping. It is aiding materially in bringing about the proper national understanding in the Orient by sending a regular news service from San Diego. Wherever practical it handles commercial messages. This latter service has been especially valuable in reaching remote points like Vladivostok.

This intolerable condition must be corrected. We must have adequate communication facilities with the Orient, or America and the Pacific will lose the business turned by the War.

Wireless offers the first hope of relief. This is largely be-

cause of the basic change that is taking place in the world's wireless situation. To most of us wireless is a thing little understood. Even to experts that is largely true. In its early stages wireless made slow progress. This was largely because the Marconi Company was not adequately financed and the big problems of wireless could not command the concentrated technical attention necessary to their solution. In 1919 the world's wireless system was revolutionized. This was largely because of two inventions:

The Alexanderson Alternator was perfected to send a continuous wave of oscillations upon which the message was imposed, thus taking the place of the intermittent sparks.

The Wageant Static Eliminator was perfected to relieve wireless from the atmospheric disturbances that had rendered dependable service almost impossible.

Both of these developments were perfected under the control of the General Electric Company. The British Marconi Company naturally sought to continue its leadership in the wireless field by securing for itself the benefit of these revolutionary changes.

Then took place an event that should be written deeply in the history of American commerce. Due to the fine patriotism of Admiral W. H. G. Bullard, these inventions were saved for America, and have been made the foundation for a world wide American wireless service.

Admiral Bullard is the man who has really built the communications service of the Navy. As a Captain he originally organized that service and under war time strain he was returned to its command.

Impressed with the necessity for a world wide service owned by Americans and operated by Americans he went before the officers of the General Electric Company and pleaded with them to hold these inventions and to make the wireless of the future an American institution.

Admiral Bullard won his point. The General Electric Company purchased the control of the American Marconi Company and reorganized it as the Radio Corporation of America, with a provision in its laws that 80% of its stock must always be owned by Americans.

The Radio Corporation of America is preparing to cover the world with a modern, efficient wireless system. One of the first

steps in this plan is to be a comprehensive solving of the communications problem of the Pacific as far as wireless can ever solve that problem. A great modern sending station is to be built on the Pacific Coast of the United States able to send messages direct to receiving stations in the principal cities of Japan, China, Philippines and the Straits Settlements.

A concession has been secured from China to permit the erection of a similar sending station near Shanghai strong enough to talk direct to Seattle, Portland, San Francisco or Los Angeles.

When this system is fully in operation, wireless messages can be filed at any large city in the United States or in the Orient, can be relayed by wireless to the sending station on their side of the water, and then sent direct by wireless to the city of their destination.

All of this sounds too perfect to be true. It is probably more perfect than it will be for many months to come but I have tried to give you the idea that has been approved by the General Electric Company and that is in process of realization by Edward J. Nally and his associates.

This wireless service will be wonderfully helpful. It will carry the Press dispatches and a vast amount of commercial business. But there will still remain an even greater amount of commercial business that must have the secrecy of the cable. That business cannot be left to depend on a single strand of copper wire.

There is, therefore, the pressing problem of doing whatever is necessary to bring about the immediate construction of another American cable across the Pacific. Even using the most direct northern route, which is 1130 miles shorter than the Pacific Commercial Cable, this new cable cannot be built in less than three years and will probably cost twenty million dollars or more. If the money were available there would still be a delay because cables must be insulated with Gutta Percha, and Gutta Percha is a British monopoly controlled at Singapore.

Every one admits the necessity for this new cable. The Pacific Commercial Cable Company promises that it will be built. A Japanese syndicate is working with Western Union interests on another project. A bill has been introduced in Congress authorizing the Government to inaugurate the work.

The message that I would like to leave with you is to impress

upon American Business the necessity for a real communications service across the Pacific.

The first step toward that service is the carrying forward of the wireless program. That should be made possible by the intelligent co-operation of all of us.

The next step, and a most vital one, is to see that the laying of a new cable is actually started. Preferably this should be privately owned, but if private capital cannot or will not act, then it is necessary that the Government do in this matter as the Government should do in many matters, step into the breach and be an intelligent partner of American business.

There is one other essential to proper business across the Pacific. I refer to the need of organizing a regular service of fast combination passenger ships to carry American mail to and from Asia and Oceanica. Whenever this is done the present thirty day time to the Philippines will be cut to seventeen days, and China will be reached in thirteen days in place of the present twenty-four.

To make this possible we must first have systematic thorough organization of fast American ships and then we must have a cutting of some of the postal red tape and diplomatic tangles like the one that now requires parcel post shipments of merchandise from the United States to travel to Singapore by way of London.

The commercial center of the world from all time has been that country where the raw materials of the Orient meet the industrial capacity of the Occident. That place should now be America but no commercial center can be maintained unless that commercial center is equipped with the facilities to do modern business. (Applause.)

CHAIRMAN CALKINS: I am sure we have all been interested in Mr. Corbaley's able paper. That is only another angle of transportation, transportation of communication as I spoke of here in the first place. It is fundamental. We must get down to that and standardize it before we get very far with our foreign trade.

Through bills of lading have been very essential and they have done more to solve the question of financing foreign trade than any other medium which I have seen advanced, because, if a man can go down to the station at Cincinnati and get a through bill of lading to Hongkong on twelve cases of shoes, don't you think he can go up to his bank and get 75 per cent. of the invoice value of those

shoes advanced to him? It is the documents that he wants, the shipping documents, through to the point of destination. And when he has obtained those, gentlemen, I contend he has solved 90 per cent of the financing of foreign trade—not the credit but the financing of foreign trade. So I give that credit to the through bill of lading. It has done a great deal to solve this question. I hope that it is extended and that it becomes universal, and that we have ships over which we can write the name of some such distinguished line as the P. & O. and that they will carry the stars and stripes through to every market in the world. (Applause.)

MR. A. B. BOSWELL (Brownstein-Louis Co.): I would like to ask, in the reading of those papers at the various meetings, what action is taken on the suggestions made by them in writing, that is, by the General Committee of this organization?

CHAIRMAN CALKINS: Well, it is my understanding that those papers are all summarized and referred, with a report from the Chairman and the Secretary of the Group Meetings, to the General Committee, and in turn are formulated into a concise recapitulated report which is put out by the Convention as whole.

MR. BOSWELL: The reason I ask that question is this, that the last paper read has struck points which are of great interest to me, the matter of cabling. I dare say that in the last three years there has been an average of \$1200 or \$1500 per month paid, and I think I am safe in saying that 10 per cent. of my cables have reached destination ultimately or within a period of from five to ten days. And the question of produce advancing or declining has cost us thousands of dollars. And in my opinion this organization should go on record with a resolution to Congress to bring about some measure forcing the cable companies to be responsible for messages received.

CHAIRMAN CALKINS: Well, there are no formal resolutions, I recall; but as a recommendation do you offer it—just as a recommendation, Mr. Boswell?

MR. BOSWELL: Yes, sir.

CHAIRMAN CALKINS: Is there a second to Mr. Boswell's recommendation? (Seconded.) You have heard the recommendation and it has been seconded. All those in favor of it will signify by saying aye. (Unanimously carried.)

MR. BOSWELL: Now, Mr. Chairman, if you will allow me just a moment on another point regarding the paper on methods of

transportation. You spoke of wiring your thought, correspondence by mail, the transportation of passengers and freight, but you overlooked a point that is very essential to the exporters of to-day, and that is the parcel post system.

CHAIRMAN CALKINS: Well, that is usually rated under mail, would it not be?

MR. BOSWELL: Possibly, yes. I would like to say something with reference to that. Now, it may seem a very small matter, the parcel post system, but in my line of business I ship as high as \$5,000, \$6,000 and \$7,000 in one shipment by parcel post to South Africa, Australia, China, Manila, South America and other points. To South American points it takes from 90 to 120 days, and I find they have been routed by way of New York instead of by way of New Orleans or through the Panama Canal. I have recently taken this up with the Postmaster General, and copies of my letters have been sent to our Congressmen, and I have received communications from all three that they were working on the question. But I wrote to Postmaster General that I was going to bring this to the attention of the Foreign Trade Convention in San Francisco and asked him if he had any suggestion to offer on legislation, as I was a member of the Legislation Committee of the Los Angeles Chamber of Commerce. And I have not received any letter from him on that subject as yet. But I think it is a question which should be brought up and this Convention should give it serious attention. Our registration counts for nothing—our registration fee, rather. We register our packages, and through Latin America we lose a large percentage of them by theft. We naturally insure against theft and collect from the insurance company, but you can put a tracer on it from the Post Office Department and they give you a kindly little note of acknowledgment and that is the last that you hear of it. They have never yet found one package. After months have elapsed we have applied to the foreign offices and they have traced and possibly found some of it. I have asked why the Department at Washington could not find some of the American packages. I should like to see that question brought before this Convention seriously.

CHAIRMAN CALKINS: I think that the subject which you complain of is quite general and not confined wholly to foreign postal service, but to our domestic service as well. It seems to me that it is susceptible of a great deal of improvement. (Laugh-

ter.) And I believe that these conditions will only be remedied as time goes on and our mail routes are established, that is, our foreign mail routes. I would suggest that you write giving the full facts of this to Mr. O. K. Davis. He maintains a regular staff in New York, and he would be very glad and willing—he is very aggressive and follows these matters right up, is right in touch with all the Departments in Washington, and I would suggest that you write Mr. Davis on that subject. I am sure that you will get all the help that the Foreign Trade Council can give you.

MR. B. C. BALL (Willamette Iron & Steel Works): Mr. Chairman, in Mr. Corbaley's paper he stated that while the wireless would do a great deal to relieve the cable congestion, he said that a cable was necessary because, as I understood it, the wireless did not give secrecy. Now, we have used the wireless to some extent in our business, and as I recall it we use a code. Is it the rule that you cannot use a private code in wireless?

MR. H. S. SCOTT (Trans-Oceanic Co.): You can use a code, of course, but that does not prohibit any outsider that happens to pick it up from decoding it, provided they have the intelligence to do so. A great many men are capable of interpreting any printed code. That might not be common knowledge, but it is the fact. Many men can take any standard code and decode the message. Therefore, it is not particularly secret.

MR. BALL: Is not the same true of a cable?

MR. SCOTT: They can't pick it up out of the air; it goes through two or three operators' hands, but the ends of the cable are secret. You could not get access to a cable without bribing the operator, of course. But any amateur can pick up a wireless message, that is the argument, and could decode it provided he had the ability to do so.

MR. G. I. KINNEY (International General Electric Co.): I hope this question of communication will be driven home as forcefully as possible. You can have all the ships in the world on the Pacific Ocean, but if you haven't any communication you can't do business successfully. That is the first thing that has got to be adequately established. A man in Cincinnati could not sell his twelve cases of shoes and go through the financing of the transaction successfully unless he first had adequate communication. I hope that particular subject will not be neglected.

MR. J. L. RAFFERTY (Bureau of Commerce & Industry, Philip-

pine Islands): I am very sorry, ladies and gentlemen, that I am not much of an orator, but I hope my powers will see me through in the reading of this cable. It is a cable I prepared in my work in the Philippines and it was signed by Governor General Harrison and sent to the Secretary of War. This is the cablegram sent:

"Office of the Governor General of the Philippine Islands, Manila, March 13, 1920, No. 277. Sec. War, Washington. United States Shipping Board. Director Rafferty, Bureau of Commerce and Industry, reports that recently Manila was visited by Holt, owner of the Blue Funnel Line, and one of the most powerful representatives of the European Shipping Conference"—

that is the outfit we have dealt with over there ever since I have been in the Philippines, 18 years now.

"Interviews held with him and principal American exporters with the view to inducing them to abandon Shipping Board vessels and patronize Conference Vessels exclusively for New York and London shipments; offering better service, special privileges, lower net rates, same construed by shippers to mean secret rebates. Indications are that a determined effort is to be made to drive all Shipping Board vessels out of that trade"—

that is, our trade over there.

"Americans loyal to your service suffer pecuniary loss, unnecessary delays and inconvenience due to the fact that seven different Manila agencies handle your vessels. Complaint is made that those agents are too limited in authority, are not well advised as to the days of arrival of vessels consigned to them. Some are required"—

that is, some of these agents

"are required to cable their Shanghai offices for instructions on even minor points and in settlement of smallest claims and unauthorized to relax regulations"—

I might say this applies to shipments of 10,000 bales of hemp per month. The Holt people will take eight this month and twelve the next, or six, and distribute it throughout the year. We, with our bunglesome methods, insist on the man putting on his 10,000 bales.

"They compete with each other"—

that is, our agents compete with each other over there for cargo—that is not as to rates, though.

"and there exists a want of system causing loss, confusion and annoyance to all concerned which will make it impossible to compete with European Conference Ships. It is recommended that you establish here a central agency with full powers to control all agencies and ships in the far East and to take summary action when necessary to protect American-Philippine trade. Signed, Harrison."

I left Manila on the 12th of April, about a month after this was sent. War was declared on our shipping over there by the Holts, by the British people. It was never on our part. We had a gentlemen's agreement in regard to hemp—\$3 a bale. The European Shipping Conference people reduced it to \$2. We might very well have done the same, but we didn't. We had a conference of seven agents and they sat around a table and they cabled Shanghai and Timbaktu and Podunk and various other places, and Holt walked off with 20,000 bales of American hemp, for American ports, for American concerns, on a British ship. That is the way we are doing business over there now. You contract to ship 10,000 bales of hemp in February on a Shipping Board vessel, and the Shipping Board vessel very conveniently arrives in March or April. We had twenty Shipping Board vessels in Manila bound for the port, I think, of San Francisco, none for New York; none for other places that we wanted to send cargo to, no one there to say, "Take that empty ship and fill it with this cargo and take it to New York," since you can't get it across the continent with the congested freight conditions there. Gentlemen, I want to tell you, it is time for you to wake up to this shipping proposition. I have been going to the Philippines now for 18 years. I spend more time crossing the Pacific now than I did in 1902. It takes 34 days. The mail arrived in Manila April 10th or 12th on an American vessel. That mail left here March 6th. I came over on an American vessel—transport, by the way—called the *Great Northern*, and we made it in 17 days easy, spending one day in Seattle. The shipping business is next to the cable business. One gentleman insisted that the radio or cable communication was first. Perhaps that is true. But the shipping business is a thing that needs the attention of this Convention and every other convention, even Methodists and Presbyterians in this country, if you are going to stand on your own feet and uphold your honor. The

Chinese are willing and anxious to trade with us but you don't give them a chance. We force them to trade through the hands and through the ships and through the agents of our competitors. The Pacific Mail people told me yesterday that their passenger accommodations were booked for the entire year. If I hadn't been a man of influence in Manila I never could have been here to see you and you would not have had the pleasure of enjoying my speech at this time. (Applause and laughter.) But I worked my rabbit's foot with the Quartermaster and got across on the transport in order to get to this Convention and to tell you how badly off we were and how much we need your assistance over there.

Now, I can see that you are going into this foreign trade business with a whirl, in true American fashion, just as we finished the war and just as we play football and other things; but, for God's sake, don't forget us over there. There are ten and a half million loyal Filipinos over there. It is the only place in the Orient where your trade is welcome, where the Government would possibly want you to prosper. Thank you very much. (Cheers and applause.)

CHAIRMAN CALKINS: Well, we got a rise out of a real one, didn't we? (Laughter.) That is what we want. That is what we have been telling you about. I didn't know but what I had talked so much about transportation that it was getting old. But you can see what Mr. Rafferty wants. And it is a shame, it is a disgrace to our country, gentlemen, that we do not furnish the transportation that these people need, or else give it up and get out of the business entirely. (Applause.)

We have one more subject on our program. Several years ago I became acquainted with a young ambitious American who had done some wonderful things along the Pacific Coast in the construction of docks and facilities, and I found that he was bubbling over with enthusiasm as to the possibilities that were developing or could be developed in the Far Eastern country. And he went single-handed down to Washington and took it up on his own behalf and was very quickly taken into the service of the United States Government as a special emissary to examine and report upon the transportation facilities of Asia. This gentleman has been engaged in that work for something like the past three years. After he has concluded some of his remarks, he will show some

of the lantern slides that he has taken in his many thousand miles of travel through Asia. Therefore, gentlemen, I take the pleasure of introducing to you Mr. Paul P. Whitham of the Department of Commerce, Trade Commissioner. Mr. Whitham. (Applause.)

ORIENTAL TRADE EXPANSION DEPENDENT UPON TRANSPORTATION DEVELOPMENT OF ASIA

By PAUL P. WHITHAM

Trade Commissioner, Dept. of Commerce

I took as the subject "Oriental Trade Expansion Dependent Upon Transportation Development of Asia," on the ground that no matter how many trade possibilities and resources there may be in a country, if you can't get at it or can't get the resources out it doesn't do any good.

The world development must go on. The hope of reducing the huge burden of war debts lies in the direction of increasing the world's wealth by increasing the world's production and making available the dormant material resources. There is a world problem, although the pressure of necessity rests heavier on some political and racial units than others, yet all mankind is involved, and that without choice. The United States is concerned because we live on the same planet with the rest of mankind. And while in material things we are independent perhaps to a greater extent than any other nation, yet our country cannot escape the effect of financial burdens elsewhere. Consequently, we of the United States are vitally interested in a revival of the world through the creation of new wealth. Now, to create new wealth and to make available the material resources of the world, the world must be made smaller. Now, that may seem like a strange statement, but let me explain. In China, for instance, the standard of distance is not so much the measure of distance or length as it is the measure of time; as, for instance, the Chinese li, or mile, is such that if you are going up a hill, which takes longer, it may be 20 li up that hill, but if you go down the hill, which is fast and easier, then only 15 li down the hill. Now, one time I was up in Yunnan Province, up towards the Burma border, and I was talking to some young Chinese students and they were

asking something about America. And one of them asked how large America was compared to China, or rather, he asked first how long it took to cross America. I said from four or five days. Then he said, "Well, how large is America as compared to China?" "Why," I said, "China is a little larger than America." Well, he said he didn't understand that. He said that the Province of Yunnan must be larger than the United States. Well, I showed him that was not true, that Yunnan was about the size of the State of Montana. He still insisted I was mistaken and that the Province of Yunnan was larger than the United States. "Why," he said, "it takes thirty days to cross the Province of Yunnan," and so it is if you go by cart or foot as you have to do. And that young student was just about right. By the development of transportation the United States has been made smaller than the Province of Yunnan. In order to create new wealth and get at the material resources of many of these vast regions of the world, we have to make the world smaller, as it has been done in the United States.

Railways are what are needed in Asia. Asia is as large as North and South America put together. They have about 67,000 miles of railway as against about 356,000 miles of railways in North and South America together. Of this 67,000 miles of railways in Asia, about 30,000 are Indian, developed under the direction of the British. There are some 6,500 in Japan. Japan does not need so many because she is an Island Empire. There are about 6,500 in China, and scattered around through the near East, and the Trans-Siberian Railway. So you can see how much there is yet to be done. And the borders of Asia now only are accessible, those portions that can be reached by water, barring what little country is accessible through this 67,000 miles of railway. It was the railways that made North America. A very eminent British banker was speaking to a few men at a private dinner in Peking and he mentioned that fact and predicted that the world must turn now to the great continental Asia, and that the twentieth century would see the world's greatest transportation development of the next fifty years. I believe that man was right.

There is another feature of this situation, and that is the population problem of Asia. You know, there are from seven to eight hundred million people in the Far East or Oriental part of Asia. These people are congested along the fringe of Asia, that is,

reachable through coastal navigation and navigation of waterways. For instance, in China three or four hundred million Chinese live mostly in the Eastern one-third of the country. They do not get out into the other part because they haven't any means of transportation. The other two-thirds is partly desert. But I would say that at least half of it is susceptible of intense population and intensive cultivation and production. It will be necessary to build railways out in that section so that the people in the populated districts can move in and settle and bring under production this large and now practically unpopulated area. The situation is somewhat different than in the United States in this, that the Eastern one-third is very densely populated and the railways could and do pay from the first. It is somewhat similar to the problem of the United States in that they have a great waste to develop by extending railroads out into it. There is this difference, however, that in their Eastern Section there are over 300,000,000 people, while we had at the time of our great railway construction probably not over forty or fifty million people in the Eastern Coast States. So with the construction of railroads and transportation in China I think the Chinese slogan will become, "Young man go West and grow up with the country." It will create new wealth and release new production to the world.

Now, all this is going to take a lot of money, and China has not yet mobilized the resources of accumulated capital to carry it on. She is now in the same position that America was, pretty much. We had to look to Europe for money for a considerable time and have had to look to Europe for the large amounts to develop this country, and we had to pay pretty high for it at times; but it has paid us in the long run to do so, because we have practically taken back our own securities and own our own railway systems, and the great wealth and resources of our country have been made available thereby. So China must look to America and Europe for the capital to initiate her tremendous railway necessities. As those railways are extended the capital of Asia and of China will begin to mobilize, so that from foreign sources perhaps only a small portion of it, perhaps not more than half of it, will have to come from abroad. It will take, however, altogether a good many billions of dollars, either from abroad or from Asian sources. It is roughly estimated that to develop the transportation system of China, providing ports and waterway improvements and roads

and the main trunk lines only, will take about five billion dollars. Perhaps another billion or two will be needed in Siberia. And considerable money will be needed in Middle Asia and in the Philippines themselves and other parts of Asia. These tremendous transportation developments that must be going on during the next decade or two should be conducted, if reliance can be made to a large extent at first upon foreign assistance in the way of investment, in accordance with the open door doctrine; that is, no Nation should be permitted to so pervert its opportunities as to work against the best interests of the people in which this development is taking place. Furthermore, it should not be permitted to so use its opportunities as to gain for itself special privileges and exclusive rights as against the other commercial interests of the world. That was the doctrine upon which the United States has stood, and it must adhere to it strictly. And adhering to it and granting unto others the right of equal opportunity in this connection, she must be willing to stand firmly and at whatever price in upholding her own rights in that respect in the Far East.

The world has need of the potential products of Asia. Most undeveloped resources of the world lie in South America, Central America, in Africa and in Asia; and Asia is the greatest of all, and I think is most easily accessible, for this reason: In Asia there is a great and wonderful amount of power which, given transportation, may be set to work to produce and open up and make available the tremendous resources now lying dormant there. Therefore, the quickest results probably can be obtained in the production of Asia. In the development of Asia and the countries bordering on the Pacific is the greatest hope for immediate increase of wealth and immediate increase of now unavailable resources, which in the end will tend to reduce the great war burdens under which mankind is now laboring. It is rather a staggering proposition for the United States just now, with the demands of Europe and the demands in our country for capital. Our Chairman said something about the tremendous demands that the railroads must make on the capital of this country to bring our own railroads up to the standard necessary to conduct our own commerce in our own country. And Europe is looking to us for money and we must, if possible, in some way allocate funds to Europe to help them get on their feet, because, after all, we are interested in a recovery of

that part of the world. But as staggering as this is, may there not be something in this, that we can best help Europe and help ourselves by allocating a certain amount of this money to initiating and getting started the transportation development in Asia in order that this new wealth may be made available and new resources of new products put into the channels of international trade. It was pointed out by Mr. George at a meeting of the National Chamber of Commerce at Atlantic City a few days ago, that at the end of the Neapolitan wars England was perhaps in a worse relative financial condition than now. What she did was to marshal her capital. She came over and invested more money in American railways and helped develop the great material resources of America. She did the same thing in Canada and, to a certain extent, in South America, and in Africa and around in parts of Asia. She collected all of the possible capital she could scrape together, and as a result there was a tremendous increase of wealth, of commerce and trade, throughout the world, of which she reaped a large share, and very properly so, because she brought it about. Now, England never paid off the debt of that war, but she so increased her own resources and wealth and income that the debt ceased to become a burden. And I think that is the way that the world will have to face the present problem. And the greatest outlook for immediate results, I believe, is in Asia and the countries bordering on the Pacific. And America will have to step in and carry a large share of the financial burden of financing these things and getting them started. And in so doing perhaps we will aid Europe in many instances more than if you loan money directly to Europe, for by so doing we will open up markets to them, and perhaps equally in the reconstruction of the machinery of production Europe needs markets as well as we do. (Applause.)

Now, in connection with this there are some things that America must do. We cannot get across the Pacific or to any other place overseas and carry on these things unless we have some way of getting over there. It comes back to this transportation, Mr. Chairman, and communications. I would like to just emphasize what has been said about communications. We must have cable and wireless communications. We cannot carry these things on—we are going to fall down on shipping, going to fall down on trade and commerce over there and in our development, if we don't get

these wireless communications, cable communications. Why, we might lose half of the money that we are going to expend in China in exchange before we could get it over there. If we got that fixed up so that we could telegraph our money in the morning and it will be over there in the evening, that is the way we want it, so that the exchange won't run against us one way or the other. Then we have to have this bridge of ships across the Pacific. We are getting that bridge of ships, but as we have heard Mr. Rafferty bring out, we have not got all the things that go with it to make them efficient, and so we have to organize it so that it will be an efficient machine. And I would like to say, while we have a goodly number of ships allocated across the Pacific, just now they are allocated in rather formal channels so that we cannot get the requirements of commerce, take a cargo here and there as conditions may arise. Furthermore, I think we must allocate ships wherever there is cargo to be obtained, must allocate ships not only from the Pacific ports to the Orient but Pacific ports to the Orient and around through Europe and around on the Atlantic Coast and then the Pacific Coast again. We must route them around the world. Wherever there is cargo to be had we must go the whole game around the world. It is going to cost money, but if we are going to be in the game we must play it all the way around. (Applause.)

Now, as to Conference rates and things of that kind, if it is necessary, in order to do this, we will have to go in and lower the rates and bust the Conference. We have got to get to it. (Applause.)

There are some other things that we need to do. I spoke about the bridge of ships. You know every bridge rests upon abutments. So, with that bridge of ships, we must rest that on the terminal abutments. We have to have a terminal at this end and we cannot suspend the other end in the air. One great opportunity is at Manila in the Philippine Islands, under the American flag. The Philippines are inviting us to come over there, if I interpret their sentiment right—and I was just over there—and I would like to have Manila one of the abutments of this bridge of ships. To indicate to you their earnestness, while I was there, or a few days after I left, they authorized a bond issue of \$6,000,000 and have arranged for appropriations of current funds of about \$4,000,000 more, so we will have \$10,000,000 to use in the next few

years in constructing new piers and warehouses and docking facilities at the port of Manila to assist in acting as one of the abutments for our bridge of ships across the Pacific. (Applause.) Furthermore, some private interests assure me they are going to put in a dry dock to repair ships there instead of sending them over to Hongkong. The Shipping Board is building tanks for fuel oil, and two of the private companies are, and all of this is enough to take care of the immediate necessities of the case; but if we go ahead with large developments in that part of the world and if America undertakes proper development of the great resources of the Philippine Islands, which are enormous, and goes out and operates in Asia, gentlemen, we will have to have much larger terminals there. Some of them indicated to me while I was there that they would give us a site for this if we would come in and develop it, so that we could develop one of the greatest and finest bases in the world. That is one. And one other place I can see where we would get a benefit is at the International Port of Shanghai. Do you know that the port is operated as an international trading port and all other Nations have gone in there and equipped their warehouses and docks, and they have their lightering and stevedores and all the various services, and we—well, we haven't got them. But we can get them and buy property there and build our own terminals, and we had better do it, otherwise we may find, if competition gets a little stiffer, that our Captains can run their ships in there and can look around at the scenery as they go in and that is about all, because the little local steamers run in there, run up and down the China Coast, giving the service, and they will carry the cargo. For instance, while I was over there a man wanted to ship some cargo across. It was up at Hankow, and no American ships were up the river. All right, he took it to ships of another national. He said, "I want to ship this down to Hankow." "Where is it going?" "To America." "All right, if we carry it down there you will have to ship it to America on a vessel of one of our Nationals." Well, he had to carry it on their ship and the American ship did not get the cargo. So we have to have feeder lines to supply our large ships at these terminals, have got to run them all up and down the Asiatic Coast. The American Shipping Board has allocated a few of those out there now. They are not suited for the business and we will have to build special ships for that trade, but it is helping

us some and may help to get started. It is in the right direction. It is a big game over there and we have to learn about it and we have to build special ships and train men for it. I might say, however, apropos of the base of Manila, that the facilities are so inadequate there just now because the commerce has expanded so rapidly in the last few years during the war, that there was no place to run these ships out of Manila and they had to be run out of Hongkong for the time being; but in the next few years I understand these ships will be based on Manila, because they are operating in tropical Asia, and the other ships will be based on Shanghai for Northeastern Asia. After we get the terminals and after we get the feeder lines and all those things organized we can run them up and down and all around the Far East and we will pay the price of operating them; but we won't get very much cargo and business unless we follow it up by getting our trade organizations in the outposts, out into the new country, and developing the trade and commerce of the Orient to fill these ships. Americans have been buying through third Nationals. Our manufacturers back on the East Coast, as well as perhaps on the Pacific Coast, have been content to buy the raw materials, to buy over a billion dollars every year from tropical countries to run their factories, buy them from this man, that man, or some other nationality than American, because he would deliver the goods. Now, if we are going to run ships and our American manufacturers and consumers are going to continue that same policy, we are going to find it hard to fill up the ships, because if we are buying from these third Nationals they are going to deliver the stuff to America in their own boats, make a profit in buying, in the transportation, insurance, and going to profit all the way along the line until our manufacturer finally pays it. Now, when competition gets keen in international commerce and we try to sell the products of our factories, we are going to be up against it, because we are going to be paying more than our own Nationals that go out and get to the source of production. We must hold down the coasts so that we can meet other Nationals. And furthermore, when we pay out our dollars for raw materials in a foreign country through a third National, that National takes it and pays it to the producer. The producer looks at this money, which has been changed into some other money, and he says, "I got this money from Mr. British or Mr. Japanese or Mr. Frenchman," and he says, "He

has given me all this money for these products of mine and I think I will buy my goods from him." He doesn't know that that money is really being put up by us here in America to foster the other man's export trade. We have to get out and let the fellow see our own money, let him know he is selling his goods to America, and then he will be disposed to buy the products of our factories, much of which is made of this same raw material that we have to buy abroad. See the point of that? We have to build up our steamships with our trade in commercial organizations, got to get out there and sell by buying, and in buying we have to go out and help those people through transportation development to open up their country and produce more of that which they would produce. It is a kind of a wheel, but we have to get into the game and chase it around.

Now, in connection with what American must do—I have indicated this is perhaps a sort of complicated proposition, can't be handled by one individual firm; one firm undertakes a certain line of activity, another another, and another another. In some way or other we find that a firm gets off and is not supported and falls down because it runs up against national team organization from other countries operating out in the Orient. Now, that is the real fact, the real competition. It seems to me that what we need—some way we will have to bring it about—we will have to have an American general staff of foreign trade and investment who will organize a whole scheme for our shipping, investment, buying and selling activities around the world, and particularly is that needed in Asia and the Far East where international lines are drawn so close. I don't know just how to bring that about, but we must have such a staff which will allocate our investments and our energy in such a manner as to bring the best results all around for American trade and commerce. If we don't we will go to pieces before the splendid team work of other countries, even though we have American stars out there playing individually splendid games, but star-playing, as you know, in athletics cannot stand up against good team-work.

I found in the short time since I have been back from the Orient, a good many objections to foreign activities. I think most of these objections are unsound. Some of them say, "Well, we have plenty to do at home." In answer to that I would say the American emblem is an eagle and not an ostrich. (Applause.)

Some people tell me it is too far away to go away out to the Far East and those places. It is a sad day for America when young men hesitate to go more than 45 minutes from Broadway. The pleasures and comforts of our large cities and our own home land are nothing to the real joy that can be obtained from getting out into the world, under the hot suns of the tropics or facing the cold blasts of the North, doing something worth while and coming back with the realization that the service has been well performed. (Applause.) I haven't much sympathy with those people who object to our foreign activities on the ground they are involved so in dollar diplomacy. Trade is not a sordid thing. Commerce and trade have spread civilization to the far corners of the world. Commerce and trade are the hand-mate of progress. Furthermore, we must get behind our big business and help get them out in the far places of the world, in the Far East, in order that the way may be opened for the innumerable large number of small businesses which cannot enter until the large businesses have gone ahead and paved the way.

I have taken rather a world view, somewhat altruistic with regard to helping the world in its war debts. But we don't want to be foolish. We want to look after ourselves. If we don't, nobody will. A hard game is being played out in the world. If you don't believe it go out and watch a while. Every man is looking after himself pretty well. If he isn't, he is not being looked after. And while we want to help out on the general world situation we must look out for ourselves.

Another thing to do, we can't be much help to the general world situation until we do look out for ourselves and until we go out into the world and build up and construct an influence in the world which will make what we have to say and do about the matter count for something. (Applause.) And don't let us be fooled, though we are willing to be generous. European countries right now are making great strides in regaining their trade in commerce. Out in the Far East I know our financial help to Europe is going to help them along. That is all right so far. But let us not entirely neglect our own interests in the matter, because the foreigners have a larger personnel, have a much larger investment working to their advantage; and now, while things are in a rather fluid condition, an opportunity to get in and win position is present, and don't let us neglect doing it.

I would like to close by saying this, and then I will show you a few pictures—it won't take us long—American business in our Nation has got to develop a forward looking policy. Business interests as represented by the manufacturing or producing, the shipping and the trading and financial interests—the financial leaders have got to get together and form an all-American team and create machinery for financing constructive development in commercial enterprises abroad. The government must render assistance and say, "Go ahead, we are back of you; American protection will follow the flag wherever carried in legitimate trade and investment." (Applause.)

ADJOURNMENT.

GROUP FOUR
FOREIGN TRADE ADVERTISING
In Co-operation with the American Association
of Advertising Agencies
Wednesday, May 12, 8:00 P. M.
Civic Auditorium

The session was called to order by the Chairman, Harrison Atwood, H. K. McCann Company, San Francisco.

CHAIRMAN ATWOOD: If the meeting will kindly come to order we will proceed with the Advertising Session of the Seventh National Foreign Trade Convention. Your chairman should explain that he is acting in behalf of the American Association of Advertising Agencies, which was asked to handle this Advertising Session of the Convention and under whose auspices this meeting is being held.

I believe no extended introductory remarks are expected or necessary. Obviously the subject of advertising is pertinent to this convention. Advertising is one of the best known methods of trade promotion and its function is essentially the same, whether it is applied to domestic trade or to foreign trade. To be sure, foreign advertising may differ in that it is expressed in another language, or it may be set in a newspaper or magazine whose columns are wider or narrower than here at home; or again, as in the Orient, it may be read from right to left, instead of left to right. But considered from the broadest standpoint, these are largely matters of detail.

The basic consideration, it seems to me, is the fact that the same underlying principles that control domestic advertising will be found to control foreign advertising. Inherently and essentially, advertising is the same power, the same force in whatever corner of the globe it may be employed, and if properly used it can be counted on to produce results in one country as well as in another.

That statement I assume is not debatable among advertising men, but it leads us directly to the subject and purpose of this

session, namely: What *is* the proper use of foreign advertising; the proper method of planning it, of creating it, and of handling it? Three addresses have been scheduled to assist us in answering these questions. The program provides for a two-hour session. Three addresses of twenty minutes each occupy one hour. The remaining hour will be reserved for questions and general discussion from the floor.

The first address is by Mr. J. G. Culbertson, of Wichita Falls, Texas, President of the Wichita Motors Company. He has personally conducted foreign advertising of motor trucks and farm tractors. I know that his message will be of interest and value to us all.

ADVERTISING RESULTS

By J. G. CULBERTSON
President, Wichita Motors Co.

The text assigned to me does not permit of any generalities. You are interested in results, and I am limited to my experience in my own particular line, which is direct selling of motor trucks and farm tractors. My remarks must, of necessity, have many personal references, and I trust you will not accuse me of abusing my privilege and endeavoring to advertise my own particular line. Furthermore, I am not an advertising man and have no interest in any advertising agencies or publications. I represent the consumer class and as such pay tribute to the printed word as a power in the business world.

Now that I have introduced myself, I shall proceed, assuming that you are all familiar with the general principles of foreign advertising, and confine the discussion to the achievements of a well defined publicity policy. From a modest start in 1912 with a single initial order from Cuba, we have expanded our sales into eighty-three countries of the world and by the sheer force of our advertising, have opened up many entirely new markets for our products.

The automotive industry is more or less of a specialty, and must be treated as such, particularly in foreign advertising. It follows, therefore, that the publicity must be educational, which in turn has a direct influence on the advertising policy.

We have found that educational advertising, to be effective, cannot be general. We must confine ourselves to the conditions of each particular locality or country. For example, the denizens of the deserts of Asia or Africa are not interested in motor equipment adapted for transporting logs or lumber. The wool growers on the Patagonian plains care nothing about the advantages of steel dump bodies for transporting sand and gravel, and the South African Zulus are not at all concerned about motor street sprinklers and flushers.

We have used three general methods of getting results, and these three are closely related: First, advertising in export trade publications; second, advertising through local trade publications and daily and weekly newspapers published in the foreign country where the product is to be sold; third, advertising by direct appeal, through personal letters, catalogues, and our own house organ.

ADVERTISING IN EXPORT TRADE PUBLICATIONS: We advertise in a number of export trade publications. All of these, generally speaking, are good and are among the commerce builders of the nation. Our experience with one particular publication has been exceptional; the editor is a trained export salesman; he sells advertising plus a personal service, the results of which have been of such magnitude that they stand out in a conspicuous manner.

Our experience shows that better results are obtained from those export trade publications which are not limited to any particular branch of industry. We desire to reach all lines of human activity, and we know that the ultimate consumer does not read a highly specialized publication unless he is directly interested in that particular industry. Furthermore, a specialized publication carries a great many advertisements of competing lines, and the average reader is apt to be confused. The general export publication that limits advertisements to a single line and does not accept competitive copy, shows the largest net results.

ADVERTISING THROUGH LOCAL TRADE PUBLICATIONS AND NEWSPAPERS: Advertising through foreign trade publications and newspapers has been effective. This class of copy must be specific and accurate in its relation to local conditions, and an intimate knowledge of the country is necessary. This branch of advertising is of great value to the local agent and quickly creates a consumer demand. We use these mediums where we have good agents, and we depend, in a large measure, on the judgment of our local agents

in selecting mediums and preparing copy. As a general rule, the local agent shares in the expense and is directly interested in preventing waste.

In all of the above periodical advertising, we pay close attention to the preparation of copy. The translation to foreign languages is the work of experts in our own organization. Translation bureaus cover a general line of subjects and many times fail to get the correct idiomatic expressions that put punch into the copy.

ADVERTISING BY DIRECT APPEAL, through personal letters, catalogues and our own house organ, has been largely responsible for the results we have achieved. The direct appeal of the personal letter represents the most effective use of the printed word. The prospective client may only be curious when he makes inquiry for our product. The direct, courteous letter, properly phrased in the language of the recipient, awakens a real interest, and frequently makes a direct sale.

Letters may be of any length necessary to fully cover the subject. If six or eight pages are required, we use that number. We do not want to depend on the imagination of our prospects. We have a definite message to give them and use the space necessary. We avoid imitations of personal letters. It is expensive to type every letter, but the increased effectiveness pays. When we have a sufficient number of similar letters, we make use of automatic or mechanically operated typewriters.

In the preparation of all letters, it is important to have accurate information on the general conditions surrounding the prospective client, whether he be wholesaler, retailer, or ultimate consumer. We have a mass of data relating to our particular line in all countries, and we employ trained experts from foreign lands to supplement our general knowledge of existing conditions.

We pay particular attention to the compilation of export catalogues, circulars and folders. Photographs for use in making cuts are carefully selected. We insist on good engravings and a quality of paper that will give good reproductions. The value of good illustrations is too well known to need any particular emphasis here. Knowing this value, we frequently use original photographs to accompany personal letters.

Our export catalogues must be very complete. We avoid the use of bombastic descriptions and superlatives. We carefully

describe our product, and make our product measure up to these descriptions. Quality advertising goes hand in hand with a quality product, and advertising has no power that will bring repeat orders for an unsatisfactory commodity.

We have found the use of our own house organ of great value. It brings our clients into closer relationship with our organization. At intervals, we run illustrations of our officers and department heads, views of the factory, and the men at their work. Our clients send us photographs from distant lands, and we use these in connection with articles describing unusual uses of our product in far away countries. We issue our publication in several languages, and we give particular attention to its compilation and general appearance.

I have outlined briefly our general plan of publicity. Back of this publicity is a thoroughly organized export department, and at the head of this department is an officer of our company thoroughly trained in export merchandising. Advertising is a tool, and the results depend, in a large measure, on the skill of the user. (Applause.)

CHAIRMAN ATWOOD: We now have an opportunity for questions and discussions from the floor. While Mr. Culbertson has given us a very well-rounded article on the advertising and marketing of his products, I feel sure his remarks must have reminded you of some phase of the work he did not cover and I am sure he would be glad to answer any questions.

MR. L. A. HARDIE (Master Carburetor Co., Los Angeles): Have you got your agents usually in the same method, through advertising?

MR. CULBERTSON: Yes.

MR. M. M. RATHBUN (Los Angeles Chamber of Commerce): I would like to ask the comparative costs of foreign advertising and domestic.

CHAIRMAN ATWOOD: That is a big question. We would like to hear what Mr. Culbertson has to say from his own experience. Have you done enough to make a comparison with reference to your own product?

MR. CULBERTSON: We are not in a position to give accurate information on that because our domestic advertising has been very

limited; but I would say in general that the cost is less. I can't give figures, of course; I haven't got them.

CHAIRMAN ATWOOD: Possibly the chairman might suggest, is there any one in attendance who is familiar with advertising of the same product at home and abroad who has any definite statistics that might be helpful with respect to this question?

MR. G. F. DRAKE (Drake Lock-Nut Company, San Francisco): I might say from the little experience I have had in the foreign work in the magazines, it appeared to me to be about the same as at home. We pay about the same per page for a given circulation as in America. We are using the *American Exporter* and *Export American Industries*, in four languages, and the page price is about the same.

CHAIRMAN ATWOOD: You find results not to vary so much?

MR. DRAKE: I haven't got very many results yet; it takes two months to get a reply.

MR. FRANKLIN JOHNSTON (Editor, *American Exporter*): As regards the export papers published here, I think the rates are a little higher per thousand than the domestic, for the reason, first, of the cost of translating the copy; second, the postage. The papers going abroad pay a very high rate. They have no benefit from the second-class privilege except to Mexico and Cuba. Therefore, the rate is apt to be a little higher, I think, than domestic paper of the same type. That is because of the difference due to postage and translating.

On the other hand, several of these papers, such as the *American Exporter* and *American Industries*, are published in three or four languages so that where the rate is based on the use of the editions, that tends to bring it down again.

MR. A. A. PETERSON (A. A. Peterson Company, Los Angeles): I would like to ask Mr. Culbertson if he used only display advertising or if he used the classified also, and if the classified would not be sufficient, in going after agents for instance.

MR. CULBERTSON: We have not used the classified advertising; we have used general display advertising of an educational nature, trying to bring home the fact that we either are after direct sales of motor trucks or we are after an agent. Usually we have gotten an agent after we had made direct sales in a country where

people would say you couldn't use motor trucks. We would put over sales, then get good agents.

MR. FRANK E. TITUS (Goodrich Rubber Company, Akron): I would like to ask Mr. Culbertson, has his experience indicated which is better, a number of insertions of small size, or two-page spreads in magazines, or half- or full-pages in newspapers. While he has said he leaves that to the judgment of his agent, depending on the conditions, I would like to know his general opinion, as to whether more frequent small insertions or less frequent full- and half-pages are best? We are infants in foreign advertising ourselves and that is a question which stands out in my mind at the present time.

MR. CULBERTSON: We stick closely to full- and half-pages, not going below that space. Of course, our agents can use their own discretion and if they want to run in the daily papers a small two-inch notice, simply keeping their name before the public, that is up to them. But in our advertising that we place in this country, we usually use pages and frequently double pages.

CHAIRMAN ATWOOD: Might the chairman ask a question? You utilize the services of your agents; just how do you place in their hands the authority and responsibility of placing advertising—at your expense; or do you have a check on them in some way? Do they submit to you ideas for your approval, or do you submit yours for their approval?

MR. CULBERTSON: We keep a pretty close check on them; we usually allow them so much on each truck for advertising expenses and we want to know how they are spending it. We don't find that they are apt to run away with it. It is up to them to use that money, and if your agent is reliable (and that is the kind we believe we have), we find they are very honest in their advertising.

CHAIRMAN ATWOOD: Do you permit them to originate the copy or do you place copy in their hands to be adapted to the local conditions?

MR. CULBERTSON: We give them a lot of so-called "boiler plate" points and furnish them cuts, and they can modify it to suit.

MR. H. H. KING (C. L. Best Gas Traction Co., San Francisco): Mr. Culbertson, do you find that the translator of copy or catalogues must be thoroughly acquainted with the product to get the best results, or do you feel that translators can in any way, by

reading the English catalogue, translate that English catalogue into another language and get the best out of it?

MR. CULBERTSON: Our particular line is a specialty. We have got a whole lot of words in the automotive industry that have no equivalent in any other language, and there are some words that have come from the French that are universal in all languages and have come into our language. The translation bureaus, unless they are up on those subjects, are going to make you say some funny things in your advertising.

I don't believe in the use of the translation bureaus unless you know exactly who you are dealing with and then only for advertising purposes, for advertising copy—never for letters.

I happen to know that during the war a letter came in to a large house in New York and they were depending on a translation bureau—it might have been a very good one. It was in French; the translation bureau omitted one short paragraph. The man who was handling this particular matter didn't read a word of French and didn't know that the translation of that paragraph had been omitted. That short paragraph called for a cable answer.

The matter was handled in this country by mail with a delay of six weeks. I personally know that, because I was in New York and asked the man to see the original letter and pointed out to him where the translation bureau had made an error that cost them a large amount of business, just because the translator overlooked that short paragraph. He was not financially interested in the results of that letter.

We find the direct letter more effective the further away you go. I couldn't say just what the ratio would be between Asia and Europe, but in the extreme southern portion of South America I do know that one time a firm down there made inquiry in this country for motor equipment, sending out forty-five postcards, asking for catalogues, full information, prices and delivery.

A year later I had an opportunity to talk to the gentleman who had sent out those postcards. He told me that he got great stacks of catalogues, some very beautiful catalogues, and he got forty-four letters that could be summed up like this: "We have received your valued inquiry and under separate cover we are sending one of our catalogues. After same has been read by you, we will be pleased to give you further information on prices and delivery."

The forty-fifth letter was seven pages long; it had original photographs with it. He had plenty of time down there because he had about six months of night. He could just take as long as he wanted to read and reread that letter; and after he had digested it he walked over to his bank and his banker had lots of time too and he read it through twice. He said, "I believe that will be satisfactory equipment. If you are ready to place your order, I will be glad to cable your credit to New York."

Now forty-four others could have gotten that order if they had given the man what he asked for in the first place. That is why I believe the long personal letter is going to put over direct sales where general advertising and the use of your catalogues without the full information that you can give in a personal letter, will fail in making the sale.

MR. SAMUEL P. JOHNSTON (Johnston-Ayres Company, San Francisco): I understood Mr. Culbertson to say he sold goods in sixty-five foreign countries. In how many languages is it necessary to correspond?

MR. CULBERTSON: You have got the number wrong; we are in something over eighty countries and we find five languages is sufficient—French, Spanish, Portuguese, Italian and English will cover practically everything. You take Russia; French is universally used, if they do not talk English. Take Greece and the colonies and they all use French. All of South America will use Portuguese or Spanish. Therefore there are very few occasions where we have to go into the sixth language.

MR. HARDIE: Do you send the catalogues and letters by first-class mail, on the first inquiry?

MR. CULBERTSON: No, we do not. We send catalogues by second-class mail and letters out first-class, always.

MR. E. T. HEWITT (Hewitt Ludlow Auto Co., San Francisco): I would like to ask Mr. Culbertson in regard to letters sent to South America. In some of those South American countries it is not always the proper thing to send a catalogue in Spanish. Then again, you might send a Spanish catalogue to another country where the people are sensitive and prefer French. As Mr. Culbertson has had such vast experience, I would like to ask in which countries is Spanish preferable in South America? Clients sometimes are very vague in their letters and one has to interpret them according to their best knowledge. Cablegrams at times are

expensive, as you all know; and Mr. Culbertson says the paragraphs are sometimes omitted or information presented which is erroneous by interpreters. Or the interpreters might be very well educated men but not versed in the automotive terms.

Therefore, in bringing that in with the other question of the proper language for certain countries—what is the proper language for Brazil and Bolivia and Guatemala?

MR. CULBERTSON: French is not objectionable in any part of the world—unless it might be Germany! But in South America you simply avoid the use of Spanish in Portuguese colonies or in Brazil, which is largely settled by Portuguese. With those exceptions, keeping that straight, there isn't any difficulty in the matter of language.

A DELEGATE: I would like to go back and offer a word of caution on the matter of agencies. I fully understand that agencies are all right for motor trucks. We make automobile accessories. We don't want agents, we want wholesalers. The only time that we want agents is when the individual is recognized by the wholesaler as a legitimate representative. Manufacturers are so apt in this country to advertise for agents, probably take a wholesaler, and then that wholesaler can't act as a wholesaler because they won't recognize him. Depending upon the line, it is well to be careful that such an agent is a legitimate agent, recognized by the wholesalers.

CHAIRMAN ATWOOD: The second address is by a gentleman thoroughly versed in the handling of foreign advertising, Mr. Frank Arnold, manager Foreign Department, Frank Seaman, Incorporated, and a member of the committee representing the Pan-American division of the Associated Advertising Clubs of the World, who will address us on the subject: "The Advertising Agency a Factor in Developing Foreign Trade."

I might mention that I am in receipt of a telegraphic communication from the East to-day to the effect that the Executive Secretary has appointed Mr. Arnold as the chairman of a national committee on export. That is an important bit of information, indicating that a permanent committee has been organized to deal with these very subjects. Mr. Arnold.

THE ADVERTISING AGENCY A FACTOR IN DEVELOPING FOREIGN TRADE

By FRANK A. ARNOLD

Manager Foreign Dept., Frank Seaman Inc.

For nearly half a century our country had dreamed a dream of Foreign Trade. Hardy pioneers among the venturesome traders began to blaze a way along the unknown trail, prominent among them the East India merchants. Here and there in later years a trade journal or two proclaimed the fact that Export Trade was a possibility. An occasional bank took an interest in the exporter to the extent of discounting his bills on ample security—but the thought of promoting foreign trade by the establishing of branches in foreign countries had not been considered seriously by any financial institution.

Look back, if you please, over as short a span as ten years, and while export and import business has become established, yet for the most part you find it confined to the trading companies and with a minimum of interest on the part of the American manufacturer. True, here and there one might find the rare exception of far-seeing merchandisers like Scott & Browne and Colgate who entered and captured the foreign market—and found it so profitable that they naturally said little about it. But as a rule, even ten years ago, the foreign market was looked upon as a dumping ground for surplus production and not a field for legitimate and permanent development.

With the signing of the armistice, in the twinkling of an eye, all has changed and the reaction has been so marked as to constitute almost as great a menace as that created by the former spirit of indifference.

Hundreds of export companies have sprung into existence throughout the length and breadth of the land, all anxious to share in the new Eldorado of business prosperity. Banks have multiplied their branches abroad by scores and found in each a paying institution. Manufacturers found the old world eagerly waiting for their products, while the new world cried "Home consumption first" and protested against the export of commodities needed to fill the empty shelves of their merchants.

It has been the old basic principle of supply and demand in-

tensified by economic conditions such as the world had never seen before and we hope will never see again.

The twelve months which have elapsed since I addressed your Advertising Session in Chicago have marked a year of more unsettled, unnatural and unprecedented business conditions than the world has ever known—and yet from it all we have obtained landmarks of experience, flexibility of judgment, and a wideness of vision which, if rightly used, will make us the greatest merchants and traders of the two hemispheres.

There are several important factors in the development of Foreign Trade which contribute largely to its greatest success.

First we must have the fullest measure of Government coöperation—yes, even more—if we are to take our place among the merchants of the world our Government must have a well defined Foreign Policy. Today we have nothing even approaching this—in fact, the opposite is true, and Congress seems apathetic on the subject if we are to judge by its policy as reflected in the appropriation for the Bureau of Foreign and Domestic Commerce.

Great Britain owes her commercial supremacy largely to the fact that she has a well defined Foreign Policy; and while men may change, the policy of the Government remains unaltered.

Again, much can be done by the Press to awaken the country to the importance of Foreign Trade. By the press I would include newspaper periodicals, the farm press and the export trade publications.

If the daily newspapers of this country would talk up Foreign Trade for six months, it would bring about all the legislation we need. If the Farm Press would tell the farmer what Foreign Trade would mean to him in an increased market for his grain, dairy products and produce of the canneries, it would be a step forward.

If the export trade publications would only forget for a while the competitive side of their business and unite for concerted action, they could exert a tremendous power at home and abroad.

The third factor in the development of Foreign Trade which is so closely related to the other two as to make necessary their prior mention, is Advertising.

Advertising is coming into its own. It is openly considered in all business circles as a factor to be reckoned with. It is no longer an indefinite something dependent on some process of

psychology or the personal magnetism of the individual for its operation.

The Great War found Advertising recruiting the Army and Navy more efficiently and at less cost than by the old method.

Advertising came to the rescue of the New York bankers in their darkest hour of doubt and marketed the Liberty Bond. And now that the war is over, Advertising is liquidating for the Government millions of dollars worth of material without disturbing the local market.

Next to a fixed Foreign Policy on the part of our Government, which I consider fundamental, I believe Advertising will prove to be the greatest single factor in the development of our Foreign Trade.

Prior to the close of the war, the merchants and manufacturers of the United States had done so little in the way of foreign advertising as to render it a negligible quantity.

We stand in about the same relation to foreign advertising today as we did to domestic advertising twenty-five years ago. It is all before us—a wonderful opportunity—full of tremendous possibilities for development and with this advantage: that we have at our disposal the wealth of experience which has come from the last dozen years of intensive advertising in the domestic field.

The American manufacturer is the greatest advertiser the world has even seen. He is clever, resourceful, full of initiative, ready to make the investment and to pyramid his appropriation if the chance to win is an even one.

The typical advertising agent is a genius. His agency is a workshop of ideas—and his tools are human brains expressed in the skilled fingers of the artist, the trained eye of the engraver, the rounded phrases and clinching argument of the college trained writer, and the sound judgment of the experienced executive.

All of this you have at your command in the domestic field and its value is too well known to need demonstration.

Why hesitate when it comes to the foreign field, provided anything like an equivalent service is available?

We are in the development age of foreign advertising. Only here and there will you find an advertiser with an appropriation of \$100,000 or over, and these for the most part are firms which have been in foreign trade for a period of years and have passed

the experimental stage. On the other hand, there are hundreds of accounts susceptible of development into considerable volume which are placing initial orders in units of \$5,000 or even less.

There are probably not over a half dozen advertising agencies in the United States that have a foreign organization of their own capable of originating, writing, illustrating and placing a foreign advertising campaign in the same satisfactory way that domestic clients are being served. The reason is perfectly obvious when one understands the situation.

To serve a client in the export field, the agency must have a complete foreign organization duplicating in all important details his domestic equipment. There must be a foreign rate and contract department in charge of a man who can read and speak at least three languages and who is expert in converting foreign money quotations into United States equivalents and who can have the oversight of the checking in and filing of the hundreds of foreign newspapers and magazines which arrive each month. This department must be in shape to furnish quotations on space in media published anywhere in the civilized world.

The copy department should contain only men who have had foreign merchandising and advertising experience—foreign born and capable of writing the advertising message in the language of the country. This department will never translate domestic copy into a foreign language, for experienced men know that a Latin American advertisement must be written in Spanish or Portuguese, a French advertisement in French, or a German advertisement in the German language.

This department must contain a group of foreign writers of varying experience and temperament in order to adequately serve a number of clients with widely differing products.

Such a department is difficult to build up, as there are but few men in this country capable of doing the work.

For art work there must be the foreign artist, for if anything it is more foolish to try to illustrate a foreign advertisement by the work of an American artist than to attempt to write the copy in English. Such artists who can both visualize and execute are not easy to obtain.

The correspondence and detail departments must also conform to the same general conditions and a knowledge of several languages is essential.

Take such a Foreign Department in charge of a man of some foreign travel and of broad vision and, above all, in love with his work and you have visualized before you the equipment necessary to give adequate foreign advertising service.

The large overhead expense necessary to maintain such a foreign staff together with the difficulty in obtaining trained men will probably restrict this service to a minimum number of advertising agencies throughout our country for some years to come.

Right here let me lay low the Bogey Man of "Mystery" connected with export advertising. There is no mystery surrounding foreign advertising—neither is there any magic connected with the processes of building copy and placing advertising in foreign publications.

Given an agency organization such as has just been described, and the procedure is identically the same as is followed in conducting a domestic campaign, the only difference being that foreign men do the work and write the copy from the standpoint and in the language of their own country.

"But how do you go about it?" some one asks. "How can I start advertising in the foreign field as a basis for developing into a big advertiser if the results are satisfactory?"

In reply, let us review in outline three campaigns, withholding the names of the advertisers.

Mr. "A" manufactures an article of household use with a trademarked name which he is desirous of selling in the foreign field; but before embarking on a world-wide campaign he wishes to try it out in some *one* field.

Cuba is selected for the experiment, partly because a branch of his business is located in Havana and also because Cuba is the gateway to Latin America and, therefore, a good experimental territory.

Now please observe the thorough and painstaking care which marked each step in the preparation and execution of this campaign.

First a series of conferences were held at which there were present the manufacturer, his sales manager, the manager of his Cuban branch and the agency representative, who fortunately had just returned from a study of Cuban conditions. At these conferences all the facts and figures were laid on the table, including sales methods, distribution, volume of sales, competition, present

and future policy of the Company, etc., etc. The resident manager, who had come from Havana for the purpose, reflected the local conditions and made definite recommendations.

As a result the agency was asked to submit its recommendations, the expenditure to be within a given sum. The Foreign Department then made up its schedule of newspapers and magazines covering the principal cities of Cuba on the basis of a six months campaign.

In Havana five magazines and six newspapers were selected; in Cienfuegos, two newspapers; in Matanzas, one newspaper; in Santiago, three newspapers; and in Camaguey, one newspaper.

For this campaign twelve pieces of magazine and sixty-four pieces of newspaper copy were prepared. This copy was written and illustrated exclusively by Latin Americans and reflected every possible use of the commodity in the home, shop or factory.

An experimental campaign like this represented an expenditure of about \$5,000 for space.

Again: A manufacturer of a very widely known trademarked commodity was desirous of getting before the export field in a comprehensive way without appealing directly to the individual user. For him there was outlined a twelve months' campaign of full pages in export trade publications exclusively.

As the result of repeated copy conferences, at which the best foreign copy writers obtainable were present, there was evolved a series of advertisements entirely unique and almost startling in originality of treatment.

This manufacturer will establish his trade mark in the foreign field of his selection at an expenditure of about \$8,000 for space.

As a third example, take a company with connections all over the world and manufacturing a variety of products. With them the objective is somewhat different from the other two examples. This company uses advertising for the purpose of selling goods in foreign countries.

Accordingly, the copy and schedule were prepared to accomplish this purpose. Export trade publications were used to cover the general field, while very complete local campaigns were provided for by the use of local media in foreign countries. An advertising program of this sort involves the expenditure of at

least \$100,000 and the use of several hundred foreign newspapers and magazines.

In the foregoing you have had outlined three different types of actual advertising campaigns. First, the experimental, which by the way developed from five to fifty thousand dollars; second, the average trade mark campaign; and, third, the merchandise or sales type of foreign advertising with its proportionately larger appropriation.

In general, it might be said that every foreign advertising campaign is different—this is true when it comes to individual treatment and copy preparation, but the underlying purpose in every instance is the same—that of selling something whether it be institutional good will, trade mark value, political propaganda, or just merchandise.

I am often asked for information about foreign newspapers and magazines. There seems to be an impression that the publication of really good newspapers is confined to the United States. I can assure you that this is a mistaken idea. In the capital city of every foreign country you will find newspapers equal in every way to papers published in cities of corresponding size in the United States, and with local and world-wide news matter handled with accuracy and dispatch.

The foreign magazine is less impressive and perhaps fortunately less in numbers when compared with those in our country; but such as it is, the foreign magazine serves its particular class of readers and should never be overlooked in making out a consumer schedule—just because we do not like the quality of paper and selection of editorial content.

Now that we are on the subject of foreign media, let us consider for a moment an ideal list for a South American campaign. We will assume the product to be advertised is in the hands of dealers and distributed widely enough to make results possible.

Of the publications printed in the United State, I would use

First—a careful selection from the export trade publications—eliminating any excessive duplication. This will keep you in touch with the dealer or agent and be helpful as a method of general trade publicity.

Second—If the kind of product permits, I would use the Spanish editions of such consumer magazines as *World's Work*, *Vogue*, *Pictorial Review*, *Delineator* and *The Field* (El Campo),

as I believe publications of this type are bound to be of increasing value from the standpoint of the Latin-American purchaser of the highest type.

With these two groups of publications as a background, I would consider South America by countries—each country as a unit by itself. Never make the mistake of trying to cover South America by a single campaign, for no two countries are alike—some differ in language and all in the use of colloquial expressions.

Of the countries of South America, all but two, Bolivia and Paraguay, have seacoast. Take each country and select two leading cities—usually the capital and a coast city. In each of these cities pick out the best newspapers for your product, for there is the same choice to be made as would apply to any American city.

A maximum of four newspapers will usually cover any one city—two morning and two evening, if the split comes that way. In the smaller towns or cities one paper will be enough, or at the most one morning and one evening.

When it comes to periodical literature, you will discover that one magazine or small group of magazines serves a certain territory not necessarily confined to one country, and that the total of these groups gives you a magazine circulation which covers South America fairly well. I would add to the newspaper list the representative magazines, not over a dozen in all, in order to obtain this special type of home circulation.

Examination of a list made out along these lines will reveal a series of separate campaigns, each with the local dealer's name included, the total forming one complete coördinated advertising campaign tied together perhaps by the manufacturer's name or in some other fitting way.

It will also show from seventy-five to one hundred local newspapers and about eight or ten magazines.

A carefully worked out plan along these lines cannot fail of being productive, for South American countries are very responsive to the right kind of advertising.

"And what would such a program cost?" some one asks. Roughly, \$25,000 for 12-inch copy once a week in newspapers and one page monthly in the magazines—both for a period of twelve months, or double the space or number of insertions for half that time.

Once more, take the Far East, where there is much less in the

way of American—or English-made newspapers or magazines. Few of us have any idea of the number and influence of the native local papers. In China and Japan there are hundreds of such papers—the only direct source of communication with the native people—almost unknown and consequently little used by advertisers. Knowledge of the country and use of native copy is the open sesame to this enormous field. Why should not American merchants and American advertising enter this virgin field while the door is wide open?

A short time ago I was asked this question: "How would you handle a world-wide campaign for an article which involved advertising in forty different countries?"

The answer to this question is comparatively easy, as in fact is the answer to most of our fancied problems of foreign advertising.

I would handle such a campaign from the copy standpoint with an eye single to each of the forty countries. If it happened to be India that was under consideration, I would largely forget the other thirty-nine until India was shaped up; in other words, I would treat each country or group by itself and consider the world-wide feature of the affair only as a collection of these units. There is no advertising measuring rod devised which will give you the proper answer if applied to the world as a whole. Handle your world-wide advertising in units and when you come to bundle them, you will find that the only band which will be elastic enough to bind them together is that marked "Company Policy."

I have been asked to reflect in this paper the work of the advertising agency in the development of foreign advertising. This has already been done in what has been said and in the illustrations used, all of which are but extracts here and there from the experience record and business notebook of those who are devoting all their time to the sane development of advertising in foreign countries.

It has been said that next to the selection of a wife, the most important step which a man takes is in the selection of his business advisers.

This was never more true than at the present moment in its application to foreign advertising.

The work of the advertising agency is *to advise* where information or experience renders such advice of value; *to build* an advertising campaign as carefully as one would construct a bridge

which must safely carry many to their destination, and with the engineering knowledge to make this possible; and *to execute* such a campaign based on familiarity with the advertising media and general business procedure of the countries in question.

The commercial world is a strange combination of lights and shadows. The two Americas have been brought closer together by the war and understand each other better than ever before.

Great Britain is properly anxious about her foreign trade and is taking no chances where competition is imminent.

The countries of the Far East, especially China, are awakening as never before to the advantages of foreign trade, and the United States should have much to do with this development.

Over Europe and Asia there still hangs the black cloud of battle smoke obscuring clear vision and leaving the new states of Central Europe blinded by the suddenness of their emancipation and without any well-defined policy for the future.

But behind the scenes the plan for world readjustment is being worked out—here and there we see indications of better days in the improvement of foreign exchange and better trade relations; but don't forget—those of you who are interested in foreign trade—that the sun is shining behind the clouds, even though for a little while it has been obscured. It is for us in these cloudy days to have the courage of our convictions, to retain the good sense of our better judgment; and by the exercise and application of the principles of advertising and coöperative effort, prepare for the day when the clouds shall clear away and we shall find ourselves in the full sunshine of that noon day, standing in the forefront of the nations controlling the commerce of the world. (Applause.)

CHAIRMAN ATWOOD: We now have another period for general discussion and questions, and I turn the meeting over to you.

A DELEGATE: I would like to ask Mr. Arnold, do you send instructions direct to the papers and periodicals in these foreign countries, and how do you handle the payment for the insertion, and check the insertions?

MR. ARNOLD: That could be answered only by taking the specific country. In general, I would say we send all our advertising and instructions direct to the paper.

The payment is made in a variety of ways, depending on the

arrangements. In some instances we might pay locally through the local manager. In other instances where the element of exchange is not involved, we might pay directly.

A DELEGATE: How do you prove insertions? Do you wait until you receive the copy before rendering payment?

MR. ARNOLD: Yes, exactly as in domestic advertising. One of the most trying things in connection with the foreign advertising is this fact, that many papers render bills only once in six months; then send you by registered mail a great bundle of papers to prove insertions and check on. One of the most difficult things is to pry the bill loose within three or four months of the time of the insertion. Foreign papers understand the necessity of proving insertions before they get their money.

MR. E. E. JUDD (American Webbing Mfrs. Export Corp., New York): I would like to ask Mr. Arnold if he would amplify a little that statement that the art work should be in the hands of foreigners fully as much as the preparation of the copy.

MR. ARNOLD: I am glad you asked that, for I feel it is important. To visualize advertising messages, in our opinion it is just as necessary that the illustration be along the line where it will obtain the result, as the spoken word. I can think of nothing more incongruous than to have a Spanish message, for instance, attached to a purely American visualization in the way of artists' work. The two simply don't go together.

A Latin American, or a French, or any other advertisement in a foreign language, is visualized, all of it, in the standpoint from which it is to appear. It would be absurd to give this in any other way.

MR. JUDD: I understand how that would be when you are illustrating the use of a product; possibly a different mode of handling it. But for the average rather conventional design, would you make that requirement of the foreign artist doing it?

MR. ARNOLD: I would say a border or conventional design need not be done by the foreign artist, unless you wished it to conform to something in the foreign country. I am talking of the illustration which illuminates the text. At the same time, one can very easily fall in line with the accepted thing there and not take the chance of running contrary to it; in general my remarks were confined to the illustrations which illuminate and explain the text.

A DELEGATE: There is no such thing as a national newspaper

in the United States. That is something of great importance to consider in advertising abroad, because take for instance the Argentine Republic. If you advertise in one of the two national newspapers, you have covered the whole country much more than if you go to the small cities and select small papers and spend money on them.

In other words, I want to call your attention to the fact that there is a great difference between advertising in Argentina and advertising in the United States. If you go there you have to advertise in the larger national newspapers, papers which are sold in Uruguay, Paraguay and Chile.

CHAIRMAN ATWOOD: We must consider the influence of the media, not considering all to be alike.

MR. DRAKE: To get back to that illustrating: You can not mean that we should have foreign illustrators when it comes to advertising or displaying a mechanical device, for instance, a truck or tractor. It would look just the same whether the cut was made by a foreigner or at home. I infer you mean ornamental advertising.

MR. ARNOLD: I mean wherever the text needs illumination in an explanatory way, or where the two make a complete story. If you are using machinery, machinery is machinery. But do not forget that there is a difference between the righthand and the lefthand drive, etc. But in obvious things that doesn't apply. I am talking of the visualizing of an advertising story as we have it here.

MR. P. MCKINNEY (Canners' League of California): Mr. Arnold brought out the fact that the American advertiser is an energetic advertiser at home, but isn't very energetic on the outside. Members of our organization here in California, for example, are among the energetic advertisers in this country; the California Packing Company at Del Monte, Libby, and others.

We do no foreign advertising except in Great Britain, and there is a definite reason for it and I will call it to your attention because I believe that you men who are going into it so deeply will be interested.

We are not backward about spending our money in the foreign field; but at the present time we have no possible market except Great Britain, because there is a lack of understanding between our country and the other countries, particularly Latin America, on

the tariff. I am not going to get into a discussion of the tariff. I just want to bring out the one point that canned fruit, a California product that runs into many millions of dollars, sells not at all in Central and Latin America for the reason that through ancient custom or something of the kind, canned fruits are classed in the same classification as perfumes and bonbons and other strictly ultra-luxuries.

We are very desirous of getting into this foreign trade but we are unable to, on that account; and I simply appeal to all of you who are studying this problem to assist us as much as you can in enabling us to spend our money on publicity in foreign fields.

MR. ARNOLD: Those who are responsible for the production of the copy of your association have nothing but wonderfully good things said about them both East and West.

As I was remarking to the presiding officer, the Del Monte advertising is an object lesson to everybody in the East who opens up the current magazines. We are hoping for good things later.

MR. A. R. HAGER (Chairman, Delegation from American Chamber of Commerce, Shanghai, China): Did I understand you to say there was no advertising done by your company in any country abroad except England?

MR. MCKINNEY: I should qualify that. We do some constructive advertising when we know that the volume of business will justify it. I had particularly in mind Central America and South America. There is quite a little Oriental business done; but taking the broad field of the export business, it is confined almost entirely to Great Britain, merely because there is that condition of the Tariff.

MR. HAGER: I wanted to say a good word for your representatives in the Philippines and China. We buy Del Monte preserved fruits in China and the Philippines because they are advertised, and I have no doubt that your agency has been helping your representatives there by furnishing matrixes and cuts and dies.

MR. MCKINNEY: I speak of the Del Monte, the California Packing Company and Libby, both members of the organization I represent. They are in every way pressing forward in a limited manner after business, but they can't go after it in the same energetic manner they do in the United States, merely because the conditions around the possibility of sale are impossible.

In Argentina my recollection is that the tariff against a two

and a half pound can of peaches is fifty cents gold, per can. With that against us it is impossible to do business. You can pick at it a bit to show your power wherever you are; but as a real business proposition, it is impossible.

A DELEGATE: At the risk of lengthening the discussion I would like to ask Mr. Arnold one question: You expressed the opinion that it was necessary not only to have a native artist illustrate the ad., but also the advertisement writer should write in his own native language, originating it in his own language, rather than a translation.

May I ask what method you use in securing people who are capable of doing that, and have you had any experience with the Orientals in Japan or China in advertisement preparation?

MR. ARNOLD: In China and Japan that will be done locally in the countries by our special arrangements. In most of the other countries we have on our own staff those who can function in that capacity. I am glad you brought that matter up, because while we are doing no extended business in China or in Japan we are right on the verge of doing it and think we have a way of doing it. I believe that the greatest opening that we have, the greatest opening in practically an unscratched field, is in China and Japan. I believe there are going to be tremendous developments, especially in China, and I think that problem will open up as elsewhere in the world.

If I was going to have a Chinese advertisement I would have it written in the Chinese language, and have it illustrated there.

MR. O. S. ORRICK (California Paint Company, Oakland): I might say in our experience with China, the language isn't always essential. I have found where articles have been imported into the country for a long time, say from England, that the Chinese (and I investigated a great many small Chinese merchants), were opposed to having too much of the Chinese on the labels, for instance. They considered that that was a product made especially for China and would be an inferior product with the Chinese on it instead of English. They liked the Chinese trade name but they didn't care for all the details in Chinese.

MR. ARNOLD: That holds true particularly in the trade mark. I know a company that during the war was forced to change from copper to aluminum. A shipment of those goods was shipped to

the Orient and refused. They said, "No, they are seconds because they haven't the same trade mark."

A DELEGATE: In developing that thought a moment, I wonder if Mr. Arnold has ever had to face the problem of a high or discriminating tariff in foreign fields, and how he overcame that problem. I wonder if you in your experience have had that?

MR. ARNOLD: When a thing is prohibitive, it is prohibitive until relief is obtained. You can't fight against a wall. There just seems to be some queer quirk in the legislative mind of keeping our products out of their country. There is no competition with their own home products. It is a question of how to change that legislative work.

A DELEGATE: How about house to house canvassing, headed by an agent—has that been successful?

MR. ARNOLD: That has been tried. I can only give you the reports that come to me; I haven't any personal experience. But there is a well-beaten track through our office of those who have had experience. I would answer that question this way, that the successes, if any, are very rare. That type of distribution, giving away free samples, for some reason or other doesn't seem to touch the right point psychologically, as it does in this country.

MR. HAGER: Mr. Arnold asked if there were any exceptions to the rule that samples are not successful. On the boat from Shanghai was a man returning from Manila. While there he put in a coupon distribution—bring the coupon to the agency and get a sample tube of Colgate's. It was very successful in this instance and resulted in selling out all the dealers in town who had been somewhat overstocked before; yet I think it is only one of the exceptions that proves the rule. It was very well advertised. As a rule I think every one abroad would be inclined to agree with Mr. Arnold.

CHAIRMAN ATWOOD: The third address is by Mr. W. E. Row, manager of Fobes & Company, Shanghai, China, a member of the Advertising Club of Shanghai and of the American Chamber of Commerce. Mr. Row has been in China a number of years, engaged in the general exporting and importing business, and from his wide personal experience is most capable of discussion on the subject of: "Consumer Advertising in the Orient."

CONSUMER ADVERTISING IN THE ORIENT

By W. E. ROW

Fobes & Company, Shanghai, China

Napoleon once said: "China sleeps," but that was long ago. The China of to-day does not sleep. She is roused and with her awakening comes a realization of her commercial importance and the urge of advertising American products in China. It seems scarcely necessary to say that intelligent advertising and salesmanship will bring as great return in the Orient as in the United States, although the work throughout the East as yet has not been brought to our high point of efficiency.

China offers a tremendous field for trade; with proper organization and a systematized attack there is no reason why American firms cannot win in the world race for business.

Too much emphasis cannot be placed on the necessity for a campaign to do away with the practice of American manufacturers using China as a Clearing House in which they may dispose of inferior articles, styles, sizes, etc., things that the Chinese cannot use to advantage, and it is the height of folly to allow firms of other nationalities to handle American made goods while the American firms sit back and suffer such a condition to exist. They, like China, should wake up, and adopt a motto: "Made in America," synonymous with quality and reliability.

In doing business with China it is necessary to remember that no "get-rich-quick" scheme will succeed there any more than it will in any other country. It is evident that a campaign must be tried out and tested for its worth and weaknesses under average conditions and on a modest scale, always considering it a foundation and building on it slowly and surely towards a secure and permanent business. It seems needless to say that any campaign must be followed up by an aggressive sales program. Since the Chinese have many prejudices they present a peculiar market and in dealing with their four hundred million it is of greatest importance for merchants and manufacturers exploiting goods in the Chinese field to see that their commodities are in harmony with native customs and usages.

There are a great many means of distribution in China—via launches and house boats, such as the Standard Oil Company

employs. Though their trials have not been few their plan has met with remarkable success and they have expanded and placed their oil for sale in the most remote corners of the country.

The Singer Sewing Machine Company were at no little expense to advertise their line. In their advertising matter they show a Chinese woman at a sewing machine and it is noticeable that in almost every instance where this sign is displayed a group of Chinese will be gathered near while one a bit wiser explains the sign and all he knows of the machine. This sight can be seen almost daily and the coolies listen well to the orator and gladly pass his message along.

Of course, the cheapest and quickest means of advertising and distribution are in the large Treaty Ports such as Shanghai and Tientsin, or along the railways, which allow a rapid and comparatively cheap method.

Newspapers are not as yet of such great importance in the advertising world, for they are held so in check by the Government, and used principally for political propaganda. Thus, it often happens that when the four pages set aside for advertising purposes are filled, no more space can be sold and one may have to wait for months, though if the space can be obtained the advertising rates are unusually low.

One splendid medium of advertising is by means of the mailing list. There are several agencies owned by private individuals that give splendid satisfaction. They investigate the market and do a valuable service in selecting and translating Chinese names and making up suitable trademarks. One such firm handles some important American accounts, such as Ingersoll Watch, Gillette Razor, Wrigley's Chewing Gum, and a California product—Sun Maid Raisins, and in a recent campaign for the International Correspondence Schools the direct mailing system was used and good results achieved—sales amounting to thirty per cent of the circulation.

The compiling of a mailing list is expensive because of the great difficulty of Chinese classification; however, lists are productive and since the average Chinese family does not receive much mail, any handbill or circular received by them gains the closest attention and the keenest interest is aroused in anything that comes through the Post Office.

In this connection it is well to note that China is said to have

one of the best postal systems in the world in spite of the fact that to-day there are less than seven thousand miles of railroad in the entire country. Away from the railways the mails are carried principally by boat and also by relay foot courier, making an average of approximately forty miles a day over distances up to three thousand miles, which is said to be one of the longest courier routes in the world.

The postal system is under the supervision of foreign commissioners, principally British and French, under whose guidance the system was instituted and developed.

Other means of advertising in China, though complicated, give results to a greater or less degree. There are the poster, the hand-bill, the tram car displays, window shows, and moving pictures, such as are found in the larger cities, and the distribution of samples, such as was followed out last year when the British American Tobacco Company took over an entire circus and sent it from Shanghai to Hankow in order to use a novel way of urging their samples on the dealers and the public.

In another instance by means of balloon ascensions the same company carried on a very successful campaign in Tsinanfu. The balloon was covered by advertising matter in large characters and during the flight thousands of samples were dropped over the city. As a result, it has since been reported, the Chinese in that locality show a great preference for the particular brand advertised at that time.

Without doubt the poster is the strongest force in China's advertising world to-day, though their conception of Art is so vastly different from the Occident that our ideas seem of little value in China. Careful study of the situation, however, will prove that China differs very little from any other country in that respect, except that the question is more difficult to solve; the difference being the point of view.

First of all, a thorough knowledge of the customs and the habits of the Chinese is necessary for the preparation of intelligent advertising copy. This work should be done by a man who has had several years' residence in China at least, and who has been in close contact with the people, if possible.

In cities such as Shanghai and Tientsin, where the people have become more or less accustomed to foreign ways, a modern idea may be put across with considerable success, but a poster

which would attract attention in the Treaty Ports may mean nothing to those who live in the interior.

Although Mandarin is spoken by somewhat more than half the people, there are said to be three hundred and sixty dialects spoken in China which are in some cases so unlike as to constitute separate languages. Naturally with such a diversity of speech the customs and habits of the people would vary accordingly, or we may say three hundred and sixty different ways of thinking. They are clannish and move about so little that a village ten miles away may be absolutely foreign to the other.

The Chinese alphabet contains about six thousand characters. The well educated can use three or four thousand, but the majority are familiar with only five or six hundred. A character commonly used in one village may be unheard of in another.

In view of these facts, it will be seen that there can be no set of rules and certainly no method of appeal, which would reach the entire population of such a vast and varied field. Therefore, advertising in China is largely a matter of experiment. For example, a most successful campaign was recently put on by the British American Tobacco Company in spite of all sorts of Chinese opposition to the scheme and contrary to anything previously presented. The idea was peculiarly adaptable to the Chinese, appealing to their natural curiosity. It contained two distinct methods of appeal, thereby making it possible to attract the people of the Treaty Ports as well as those of the interior, though I doubt if either appeal were entirely lost. The campaign broke all records for success. This instance illustrates the element of chance involved.

The object of this particular campaign was to introduce a new brand of cigarette—featuring the claim that the tobacco was toasted. The Chinese language does not contain a character expressing the idea of “toasted.” The nearest approach is the character for “roasted,” which was accordingly adopted.

The method used was to place posters bearing this single character before the people for a number of days, following it with other posters hinting at its meaning until it was finally revealed as a new brand of cigarette.

An incident illustrating the effect of superstition occurred upon the opening of this campaign in Tientsin. A large building at the convergence of several roads was selected as the most likely place to begin and this building was covered with posters bearing the

one character "Roasted." The following night the building took fire and burned to the ground. This event so excited the fear and superstition of the people that the campaign had to be discontinued and could not be reopened in that city.

Unquestionably the greatest mistake, next to our failure to take the poster seriously enough, is to take it too seriously. What puzzles us is that the Chinese mind sees from an entirely different angle and it is this that the foreigner fails to grasp. Make the poster simple as possible, clear enough for a child to understand. Do not leave some vague intimation and try to force the Chinese to see your way; it cannot be done.

The most effective poster is the one that shows a picture of the article advertised, as large as your space will permit and a few well chosen characters. The Chinese cannot understand the meaning of the shadows. Bodies appear to them not as they are in reality; that is to say, round, with light and atmosphere playing around them, but as if circumscribed by a precise line. Also they have no correct knowledge of a vanishing point. Their conception of distance is placing the object nearer the top of the picture instead of diminishing its size. When showing a number of Chinese girls, they must all be shown about the same size, so as not to convey the impression that any one of them might be very young, as the favorite age for girls seems to be sixteen or seventeen, so the question sifts down to a matter of adjusting oneself to existing conditions, whether in China or elsewhere. The tendency to comply with the customs of other countries must be just as religiously carried out in China.

A poster design is successful or poor regardless of its actual size. The advertisement must be conveyed directly, clearly, and pictorially. It must be well designed, well colored, well printed and well drawn.

The action should take place at the front of the stage. A background necessarily introduces objects too small to be readily understood at a distance. It is also very likely to confuse the principal figure in the composition, and may render the characters more or less difficult to read.

The importance of good hand-written characters cannot be over-estimated, as they are a source of great pride with most people, and incidentally, these characters were intended to be written in vertical columns.

A perfect facsimile of the article to be advertised, as seen in the shop or shop windows, should be shown for the benefit of the many thousands who cannot read. In many instances, persons have been seen to purchase an article and compare it with a picture on a poster nearby. Even could we assume that all Chinese do read and write, each community is so much a factor within itself that most articles are identified by their color or the picture, rather than the name or description. A good trademark is invaluable; for example, New York Cigarettes are commonly known as the Blue Packet Brand, because the face of the packet is blue, and Pirate as the Big Knife Brand, because the packet shows a picture of a Pirate with a wicked looking sword in one hand.

Color and its relation to superstition is a subject of great importance. Its psychology is a greater factor than in either Europe or America, because it runs hand in hand with superstition. Therefore, the judicious use of these two is most essential to produce a poster which will not be offensive. It is rather difficult to state just what a pleasing color may be. The effect of a bad one may sometimes be offset by an agreeable combination. Experience teaches that there are few which cannot be used if they are suitably combined and displayed in the proper locality.

So, regardless of all superstition and prejudice, it simmers down to a matter of experience with each individual case.

Too much emphasis cannot be placed on the fact that it is impracticable to work out in England or America the copy and illustrations for a Chinese advertising campaign. This has often been tried out and it is always a failure, for Chinese copy prepared abroad with a few exceptions is useless, and only hold the advertiser up to ridicule.

Advertising is by no means new in China, though its development promises many interesting situations. Better results are sure to be obtained by showing an appreciation of native customs and traditions, thereby winning the respect and confidence of the Chinese people.

The foregoing remarks are by no means exhaustive, and it is out of the question, in so brief a discussion, to cover the subject fully and distinctly. (Applause.)

CHAIRMAN ATWOOD: May I ask what are the facilities existing in China? Suppose for a moment that I wish to advertise over

there. Suppose I wish to use the poster method. Is there any organization there with which I may communicate to get advice?

MR. ROW: There are several that are doing some very good service. You can obtain from them a mailing list or they will carry on a campaign of advertising in that country for you.

MR. A. W. LILLEY (Upper India Chamber of Commerce): I think Mr. Row's remarks apply to India. We have the caste system and women are kept in the background. We had difficulty in getting advertising matter in India. We sent from India for some illustrations: one was a very nice one of a native woman going into a store and buying material. That is something entirely contrary to India. A woman is kept in the house and never allowed to show her face.

We put our heads together. We have five big cotton mills, our own woolen mills, leather factories and sugar works, and we formed the Alliance Association and got our experts out from England. It took three or four years to train them. It has now extended to Calcutta. They have gone beyond us.

If any one is interested in advertising in India they couldn't do better than apply to them for information.

MR. D. S. EVANS (The Paraffine Companies, Inc., San Francisco): We have had experience in advertising in many different languages in many different countries. One thing I think might help the advertisers in connection with China, for instance. You can use ordinary customs for the English speaking people in China; there are many of them. For the Chinamen, the great majority of them cannot read at all. They can read a picture or a color scheme.

Del Monte fruit was spoken of. If you have catsup with a red label, that sort of thing fits China very well indeed. Suppose you printed that same ad., as would be quite a natural thing to do, and made your cuts printed in black; the Chinaman wouldn't recognize it. It would be quite a different thing. You make a small change and it is an entirely different item. I think a safe rule is to illustrate if you can—if illustrations are good.

If you illustrate a machine, don't put it with white men driving it. You may have two or three Chinamen to drive it or push it. Illustrate your machine by all means, but nothing else unless you know the country well enough to put in local color. There is a certain margin of safety if you stick to facts in your advertising.

If you are advertising in one color, your label has got to be

the same color. In a case of our own, we have a trade mark. Part of it is what we call a rooster. We blend it up with other things and are rather proud of that rooster. It happened to be printed in a light red. It went out that way. We might very easily have printed ads. or circulars and used black ink. But instead of being called a rooster, or some other name which we have for it, it is known as the Pink Chicken Roofing. We never called it that.

In talking about conventional designs: it is safe to use them, but what is a conventional design? You talk of border or solid lines or dots. What is a conventional design? Is it conventional in India, China, Java? You may be advertising some sacred rite, some sacred animal. Stick to black and white, plenty of contrast.

White space is one of your talking points. You can get your contrast and get your display by leaving your white space. But if you take the liberty of putting in conventional designs here, it may absolutely advertise you out of the local market. It is so very simple.

Another point came up. You asked about translations. We have done translations into at least twenty different languages, Russian, Spanish, Dutch. I have never yet seen one translation that conveyed what we tried to say, at the first attempt. We get the best translators we can get.

Take the Russian. We had one in our own business; he is still in our own business. We thought he knew our business, and he does, pretty well. He wrote our ad. in the Russian language, copied one of our other booklets. I had another Russian translate it, and I read the translation. Some of the facts were quite the opposite of what I wanted to say.

I went back to the first man and got it written up again. I got that translated again. Finally I got something which meant what I wanted to say. If I had let the first go out, the advertising would have been almost wasted and quite easily might have done us harm.

I advise any one having translations done in any other language, to check them up; and of course use as ordinary language as you can.

Also about price of space in other places: Of course that is like the question, "What is the length of a piece of string?" Most advertising space is very much lower per inch here, but not

per hundred readers. There is a counterbalancing factor in that. The majority of your readers in foreign countries, especially in India, China—everybody who reads is a potential buyer. In San Francisco very few of your readers are buyers of your line. But in Java, etc., most people read it all.

MR. H. H. WANG (Commercial Press, Shanghai, China): I meant to keep quiet, not saying anything; but I thought it would not do justice to me, because we like to buy your goods; so I want to give you some of our own ideas. Of course I found what Mr. Row said had truth in it, but I do not feel it is altogether facts; there may be some percentage of it. I think he was talking a little too generally.

When you want to advertise your goods, you don't mean to expect that your goods will reach to every one of the population of 400,000,000. You can't very well expect that.

Now, then, here comes the question that you have to specialize your advertisements. We have a pretty good sized printing plant in Shanghai there. I didn't mean to advertise myself until I saw in the paper there was going to be an exhibit and my consul was enthusiastic about his own nation. So I brought a few samples to give away to our friends with whom we have some dealings, as souvenirs.

Here comes the proposition. You have to think of what kind of language, what kind of writing, what kind of trade marks you have to use for machinery, because you want to reach a class of people that use the machines. If your machine is along the printing line, then you have to try to reach the people who do printing business.

I think superstition has been done away with a great deal. I am not trying to speak too much good for my country. We have a bad government; we haven't got good government yet. We have got good people. That is why you American people always like to trade with us. You have found very few Chinese people who fail to pay, either. We have good people there and you will find that we are not superstitious as you think. I find some of you people are very superstitious. You don't like to have thirteen men at a table; you don't like to see a black cat. Some people do care, some don't. It is the same in China. You are not likely to put a trade mark of a pig on something that you expect to sell to the Moham-

medans who don't eat pork. If you want to advertise your pork, put on a pig because you want to sell to those who like pork.

According to my idea, have your trade mark as simple as possible. That is right; it is always the case with every country. Mr. Row says we have 360 languages in China. We have very many languages, but there is always one reading language, always the one. All the people read one language. We are trying to revolutionize our language a little bit for writing. We are using the Mandarin language now; it is more of a popular language, you might say.

I saw a little advertising by the Ford Company, with a lot of slang. We are not trying to use that kind of language yet. They are too proud to use a degenerate language. They like to have a good language. They all try to make the Mandarin language clean and polished. I think that would be the kind of language that you would have to use for your advertising.

We buy your goods because we think they are cheaper or better or look nicer. Now your goods will reach the kind of people which I think are finer than the average people; don't you think so?

I am quite sure that your goods cannot reach the others, except cigarettes or patent medicines. You have to advertise with a better language written by Chinese who know the Chinese conditions.

Sometimes these advertising matters put out by the firms cause laughter. You think it is Chinese; we think it is entirely your Chinese, not ours—just like the English I am talking. When I am here you think I am a foreigner. If you should take me as your own countryman you would say he is a very poor English speaker. It is the same with you. When you write in Chinese you have to use Chinese writers to put your Chinese in a Chinese way.

CHAIRMAN ATWOOD: Do I interpret you correctly that aside from tobacco and patent medicines for which the entire four hundred millions are in the market, aside from that the great number of products which we would be likely to advertise in China, might well be advertised in this one language that you speak of?

MR. WANG: Mandarin is quite safe and if you want to still go a little further to reach the higher class, literary language is just as good. It reaches all over the Republic of China. It is always possible to be understood.

I am quite an authority because we are the publishers of text-

books for primary schools and middle schools. We control about 75% of the primary school textbook business; and I think our country, the general public of our country, don't complain at all against our books. This is a language that is being used in China. But we make it as simple as possible, not trying to find out the longest words in the dictionary.

About the situation with cigarettes and patent medicines, I will not say they will reach the 400,000,000. Some of them they give away instead of using posters. I think you will be too busy—I don't think America is able to supply the 400,000,000. When I want to buy machinery, there are no machines on hand.

You say what proportion read the language? I think the proportion is bigger than you gentlemen think, because China used to have signs—Chinese have been reading characters since the very beginning and of course the poorer classes in the interior still do. But with the present modern system of schools, the reading proportion is getting greater and greater.

When I was in Tientsin, China, I used to look into the different schools. An average district is thirty miles square; some of the provinces have more than 100 districts, some less. But in teaching some of the bigger districts, we have more than 300 primary schools and small ones. Each of the schools will average a number of students, say from sixty to three or four hundred. In teaching you will find some of the primary schools have four or five hundred very easily; so it is bigger than you generally expect.

We are trying to buy, if we can, as much as we need. I don't encourage my countrymen to buy all foreign goods, you see, but if we want to buy foreign goods, we like American goods first.

MR. C. B. GAGE (Magor Car Corp. and Chamber of Commerce of Honolulu): Those entering the general overseas advertising field are quite likely to first approach the American overseas possessions. Honolulu, as you know, is the capital of the Hawaiian Islands, which has been a territory of the United States for about a quarter of a century.

English is the language of commerce in Hawaii. The retail business is largely in the hands of the Chinese people, and a majority of the population, numerically, is Japanese.

Many of us—all of us, in fact—receive at frequent intervals advertising literature and circular letters advertising all sorts of propositions from the mainland. These letters are quite frequently

in Spanish, for some reason or other. The postage is very apt to be five cents on the envelope. Occasionally on a book proposition there is a time limit set. It frequently happens that the time limit set has expired before the copy reaches our hands, because of the mailing time required.

It strikes me that the study of commercial geography as a preliminary to overseas advertising is sometimes overlooked. In fact, I think that that study in its elementary phases should be carried on, even down to the office boy who sticks the stamps on the letters.

One other point I would like to make: A few months ago in Australia I had the pleasure of attending a session of the Melbourne Advertising Club which was devoted to a consideration of American advertising as practiced in Australia. The criticism was made that frequently the whole story was not told in the advertisement; that sometimes conservative advertisers omitted many features which would make their advertising more attractive.

For instance, the advertisements of Tiffany, the jeweler, were pointed out. They generally occupy the inside page, just inside the cover of many of our magazines. Those advertisements are extremely conservative and undoubtedly get across in great shape on the mainland. But to the Australian the word "Tiffany" does not convey very much in connection with jewelry.

They say that if Tiffany's advertisements for instance were illustrated, and illustrated in colors, that Tiffany's would find it decidedly to their advantage. Tiffany advertises the sending of a catalogue without illustrations. They say, "Why send for it if it has no illustrations?" and presumably the rest of the descriptive matter would also be scanty.

CHAIRMAN ATWOOD: Mr. Hager, how are the 400,000,000 in China grouped territorially? How grouped from a merchandising standpoint? How many are back out of the reach of the railroads?

MR. HAGER: The majority of them have postal routes served entirely by foot couriers, some of them great distances. The longest is 3,000 miles. I don't believe the grouping has been worked out except in rather restrictive areas where they have surveys made; but there has never been a census of China and nobody knows whether there are three hundred million or five hundred million people in China.

When you consider how we were astonished at the time of the

war to find out the percentage of illiteracy in America—you are merely guessing about it in China.

After you asked Mr. Wang a question about how many would be able to read that Mandarin, I asked him, "What percentage do you really think?" He said, "It is an awfully hard question to answer." But I said, "Guess at it," and he said, "Thirty per cent." There is a definite answer to your question, but it is a guess. We don't know what the total population is in the first place. My guess would have been nearer 10%. I don't know that one of us is apt to be any more nearly correct than the other, but I did have a very interesting set of guesses once.

About ten years ago when I was starting out advertising in China, I was advertising the International Correspondence School courses, which had to be studied in the English language; so I wanted to have some idea of the number of prospects. They are woefully scattered, of course. I wanted to know how many Chinese could read and write English.

I went to several people; I got estimates. They were merely guesses. Mostly they were from missionaries who had had experience in teaching and they agreed remarkably, the men who had traveled a great deal; and it was a very, very small number. That was ten years ago. It may have been twice that; each one of them said that. Still they agreed pretty well in their independent guesses and I went on that basis.

Each one said, "Next year the number will be very much larger, perhaps doubled." It hasn't kept doubling but it has kept increasing and I won't make an estimate of what the number is now; but it is several times what that original guess was, I am convinced, from the results and the increase in what we are doing.

I want to endorse every word that was said by the gentleman who has a pink chicken for a trademark. Stick to that pink chicken.

I have occasion to have quite a good many translations made into Chinese. I always use the method that was mentioned and have it independently translated, then go over the thing in detail. Only in that way can you be sure that it is right.

The differences in customs are perhaps not quite as easily seen by Mr. Wang as by Mr. Row. Mr. Wang is looking at his own country to which he is accustomed. It is true if you are selling printing machines, there are so few people that use a modern print-

ing press that direct advertising is the obvious way, with a list of the printers.

Advertise thoroughly by direct mail, following up by salesmen, because there are comparatively few places where you would make sales of that kind. But for an article of general distribution there aren't very many imported articles of general distribution in China.

The Chinese people of the coolie class, the very large and numerous class in China, have small purchasing power; they only require a few yards of cloth, for instance, outside of what they can get in their immediate environment. Articles of general distribution are very few. Your cigarettes is one of them and there you do have to take into consideration, as Mr. Row has explained, the prejudices and the differences in the point of view. Otherwise you will waste a lot of money in advertising.

For that advertising, the newspaper and the poster are two of the best methods, by test, in China. There are other methods. Direct mail advertising can be used to some extent; there are some good lists available. Any one who wishes to be put in touch with an advertising agency in China can be put in touch with it by any delegate from China.

CHAIRMAN ATWOOD: The meeting is formally adjourned.

ADJOURNMENT.

THIRD GENERAL SESSION

Thursday, May 13, 10:00 A.M.

Civic Auditorium

PRESIDENT JOHNSON: The third general session will please come to order.

Those of you who have had the pleasure of reading that fascinating book by Blasco Ibanez entitled "Mare Nostrum," which gives an intimate picture of the seafaring life on the Mediterranean, can form some conception of the ancestry of the first speaker of the morning, Dr. Henry Suzzallo, President of the University of Washington. (Applause.) Dr. Suzzallo is a native of California. He was a boy who started from the bottom and by his own efforts has qualified himself and achieved through the study of economics one of the highest positions in the education of the world. It gives me very great pleasure to present Dr. Suzzallo, who will address us upon the subject of "American Organization for Foreign Trade." (Applause.)

AMERICAN ORGANIZATION FOR FOREIGN TRADE

By HENRY SUZZALLO

President, University of Washington

MR CHAIRMAN, LADIES AND GENTLEMEN: Thus far in this important discussion we have dealt chiefly with the problem of the organization of industry and commerce for the purpose of foreign trade, but the conditions of foreign trade are so markedly different from those of domestic trade that the competition is not merely a competition as between business units, for in foreign trade the competition is national as well as corporate. That distinction must be kept in mind, for the initial competition in foreign trade is a national competition and within that national competition the competi-

tive field is individual and corporate. A discussion, therefore, of foreign trade policy, purely from the standpoint of industrial and commercial organization, would be a quite inadequate discussion.

We are compelled, then, to go back of the problem of surplus and special production for foreign trade, back of the problem of credits and finance, and begin to frame a policy which is essentially political in the sense that it is American and national.

The two great problems, therefore, of organizing a foreign trade system are, first: The organization of the institutions and the personnel which make industry and commerce effective in foreign trade competition; but the second, as the business man in America realizes, is a problem of organizing the political administration of the United States by first organizing public opinion behind it. The issue may be made very clear, indeed, gentlemen, when you realize how the failure properly to organize our political life so that it is consonant with economic interests has led to constant interference with both domestic and foreign prosperity in trade.

The very first instance where we find that a poor organization of our national thought has interfered with foreign trade is to be found in the fact that American diplomacy has not guaranteed adequately either the life or the property of the foreign trader and investor. (Applause.)

In that domain of diplomacy, we have failed again in that our treaty arrangements and our diplomatic negotiations have not adequately protected the inventiveness and the ingenuity of the American inventor because there has not always been adequate protection of trade-marks and inventions.

We recognize, too, that in facing the great competitions in foreign trade, we have not only had the superior ingenuity, the greater adaptability of the experienced foreign trader such as the British and the German, but we have been incompetent, in a sense, in a competition with the other nations. We have been so suspicious of each other in the matter of the tariff that we, in the indulgence of this mutual suspicion of domestic interest, have failed to take into account that the biggest competition we had was in the national trade barriers set up by other nations to protect their own traders.

It is absolutely essential that from now on our tariff system shall be not only a protection to American industry in its productive and domestic sale capacity, but that likewise we shall enter another principle of protection and make that tariff so administratively flex-

ible that we shall have a bargaining tariff that will permit the foreign trader to operate with some show of success. (Applause.)

These are some of the things that I mean by "national organization" from the standpoint of public opinion and political administration. These three or four examples from the domain of diplomacy indicate very clearly how, when you have organized the business mind of America and adapted it to the problem of foreign trade, you must go behind the business men and educate the American public. We must make our people economically far-sighted. The difficulty in America to-day, as yesterday, has been that each man sees his economic interests from his immediate production to the point where his particular goods sell, but he does not see that that process of production, manufacture and sale is nothing but one link imbedded in a whole economic system; and as the rest of the economic system goes wrong, that link will go wrong as, for example, it has been very difficult, indeed, to enlist the political representatives of the great farming middle west in the problem of seaborne traffic. They have got to be educated to see that their prosperity depends as much upon foreign trade as any other branch of American economic life. We have the same thing to-day in the economic class struggle. The difficulty is that no class can be prosperous without the other group being likewise prosperous, and one class is interfering with the other.

One of the most fundamental principles, while it is exceedingly broad as a policy, yet is absolutely fundamental in our life, is that the American people, as a matter of fact, are, so far as economic truth is concerned and economic law and principle, about the most illiterate nation on the earth. What we have to do is educate every common citizen in the fundamental laws of fundamental life. Our political life is a great struggle for the improvement of the social life of the American population. While every political question rests on some problem of society, every social question rests still further down upon some problem of economics, business production in the sale of goods. Until we can educate our people along economic lines, we shall never be able to erect a proper political background, a proper background of diplomacy and statesmanship which will support the initiative, the adventurousness and ingenuity of the American foreign trader. A field of diplomacy must be made into a system consonant with foreign trade. We shall protect life, we shall protect property, we shall protect trade-marks, and broaden our

tariff system to protect not merely domestic industry but foreign trade as well.

The second large political element in the building up of an American system which will be an adequate background, is in the field of trade promotion and trade information in reference to foreign trade. We have already made a splendid start through the Bureau of Foreign and Domestic Commerce; we are improving the consular system; we have added trade commissioners and commercial attachés, but the one thing that we should insist upon is that from now on there shall be a complete addition to the efficiency of the whole trade promotion and trade information system. Our consular and diplomatic service must be placed upon a basis of effectiveness with trained men schooled in experience as well as equipped in theory, and at the same time promoted absolutely upon the basis of merit that they may be effective pioneers for the foreign trader that America sends out. (Applause.) This is the second essential thing in giving an adequate background to the promotion of a true American system of foreign trade.

Then I would come to a third very important factor and that is the modification of our whole system of domestic economic control so that it will not only permit American business to thrive at home, but likewise permit it to prosper abroad. Many of the things that we have done in America have been ridiculously foolish. One of the great problems of democracy is to recognize that no population in the world can get along without brains at the top, and those brains must come into a quickened appreciation from now on, else the republican form of government will not be able to compete.

What are some of the things that need rearrangement? Well, some of these have already been rearranged. For instance, we know perfectly well that it is going to be essential, if we are going to compete with large unit production abroad, with large commercial corporations in other countries, that we, too, must permit some such combination. It is ridiculous to control industry by saying that this or that tool shall not be used, when the control of industry should be determined entirely by the rightness or wrongness of the act of industry and not by saying whether or not they are using a certain tool like a big corporation, a large combination or a small one. Already we have relaxed in this domain for the purposes of foreign trade. We must enlarge the freedom of combination among our industrial and our financial interests so that we have a com-

plete sanction from the American Government which charters these corporations.

The second thing we must take into account is this: That our taxing system, while devised for some other purposes, may have a by-product effect which is exceedingly dangerous. Taxation is, to my mind, the most abstruse subject and the most complicated in modern economic thought. I would put exchange next, but the field of taxation improperly handled may be not only a great danger to the maintenance of American production and commerce, but it may seriously interfere with the development of this new foreign trade movement which is now of such vital concern to us. I refer now, and only briefly, to the excess profits tax, because, my friends, when commerce goes upon new adventures, it is only the most venturesome capital which can develop new industry and new trade. It isn't the first dollar that you get that is venturesome, that is the most conservative dollar that you've got; it is the dollar that goes to food and clothing for your family. It is the last surplus dollar that you've got which is the venturesome, Anglo-Saxon dollar which conquers the trade routes of the world; and something has got to be done so that while aiming to equalize opportunity among American citizens and to give each man the obligation to support the Government according to his means, we will protect at the same time the adventurousness and the initiative qualities of American capital. (Applause.)

I am suggesting at this time that urgent effort should be made to distribute the taxing burden according to the ability of men to pay; but at the same time modify it so that the initiative of American capital is maintained.

There is another factor that I wish to mention in connection with the reconstruction of our economic control of domestic industry and commerce and that is the whole problem of rail and water rates. If the end of American commerce is not to be at the end of the railroad (which is more or less the present circumstance to-day), then rate-making has got to be at the end of transportation. When you enlarge from domestic commerce into foreign commerce, transportation does not end with the railroad but ends with steamship delivery.

There has been a growing attempt, of late, to interfere with the long haul, the rate of which is determined by water competition; and that same persistent effort to attack the lower rate on the long

haul, if successful, will in time absolutely interfere with a combined lower rate for railroad and steamship when the competition is set by national commerce entirely beyond the control of this nation. That thing needs to be watched by every business man who has a sound economic theory of transportation and the fixing of transportation rates. We must make our economic controls by the Government consistent with the advancement of foreign trade.

The fourth larger policy which I want to suggest is that while I would not have the Government take over anything that private industry can handle, yet there is a legitimate place for the Government to aid and to give guarantees to advancing industry and commerce. I refer now to the problem of communication. You know in individual business we once got along without the telegraph, and once, away back, we got along without mail communication. You know perfectly well you could not run your business without telephone communication if the other man had it. No more in foreign trade can the American employ a poor, irregular, and unstable mail service when the nations back of your foreign competitors guarantee good service to them. The United States Government should guarantee adequate mail service to every point where the American trader has a considerable degree of business. Otherwise, he cannot compete. Communication is the very life, it is the very beginning, of trade. It is a fundamental element in trade competition. It is not merely the mail, but the more rapid forms of communication such as the cable and the wireless. We have had no satisfactory and systematic policy upon the part of our government because they haven't—on the Pacific, at any rate—guaranteed adequate cable service and adequate wireless service for the American trader in the Orient. This should be a large policy in perfecting the political backgrounds for an American system of foreign trade: To guarantee to the American that his government shall do as much for him in meeting the competition of other nations as other nations do for their particular traders. (Applause.)

The fifth point is the question of transportation. It has been adequately discussed. Now is our opportunity to lengthen the magnificent transportation system of our railroads, temporarily defective, which must first be reconstructed for domestic commerce and then prolonged in efficiency by the establishment of proper shipping routes. This subject has been so adequately dealt with that it does

not now need to be discussed, but merely mentioned as part of a systematic program of proper political attention.

Now you will not improve our diplomacy, you will not improve our trade promotion and trade information through government agencies, you will not modify our economic control, you will not get the government to establish proper communications through mail, cable and wireless, and you will not establish an American merchant marine unless you go right back to the public behind the politicians and educate them not merely on questions of sound economics, but bring back into the American heart that pioneering thrill of adventure in industrial, agricultural and commercial conquest that we had prior to the Civil War. (Applause.) That means we have got to engage in a gigantic campaign for the education of the American people along economic and foreign trade lines.

These represent some of the great national or American policies which are a necessary background to an adequate system of foreign trade.

The second large problem that is to be dealt with is the one that you have already discussed rather fully, and will discuss more fully each day, and that is an organization of the business and commercial institutions of America. These are purely industrial and commercial as distinguished from the political considerations which I have mentioned. A great part of this will be done through such conventions and councils as those that this body is responsible for. There is one thing that I wish to urge at this time in that whole question, and that is the training of a proper personnel. Many of you have risen to distinction in the domain of foreign trade, but you have seen the Americans grow from meager beginnings to a more important present within a single lifetime. You command the information, but the new man who enters this complicated situation ten years from now is not going to be able to live through it. We have got to do what the Germans did, and depend upon technical schools for the sound training of a foreign trade personnel, and it is in the training of that foreign trade personnel as part of the American organization that I want to deal with for a few moments.

The most remarkable growth in the university system in the last five years has been the growth of colleges or schools of business administration. For the most part they have dealt with industry and domestic commerce. They are more essential for foreign

trade, for this reason: The whole selling system, the whole advertising system, the interjection of exchange as a complicating factor, the longer credit system involved in foreign trade, the necessity of peculiar backing and of more or less difficult shipping, and the problem of special production to meet foreign needs are all so strange to American life that an almost completely new adjustment must be made.

The experience field is remote from American life and, therefore, it is more essential that these men be trained in technical schools where they can get the information. In every great seaport university courses in foreign trade are being put in and there are two or three important policies that determine just how you are going to pick good men and how you are going to train them that I want to emphasize to-day.

Just at present foreign trade is recruiting sidewise. It is taking men from the advertising field of domestic life and adapting them to foreign trade. Domestic bankers are being readjusted to the foreign credit system. But very soon you will exhaust your ability to recruit sidewise and you will have to recruit from below, from the young men without business experience; and they must be trained for foreign trade both in theory and experience.

The College of Business Administration—and I will give our own experimental experience at the University of Washington in Seattle—is following two distinct policies. In the first place, we are proposing that the man shall specialize in foreign trade early. Again we are saying to the average business man who speaks of the college graduate as being half-baked, that he isn't half-baked. He is just three-quarters baked, and the other baking has to be done by you. All that we can do is to pick bright young men, give them the information, make them adaptable, train them in the moral qualities that go with success, but nobody can teach them the detailed methods except the business man himself.

There is a dangerous tendency in the American business man to-day that I want to speak of for just a moment. Up to twenty years ago no business man or no man in trade would allow a school to train his men. Everybody had a system of apprenticeship, but when the apprenticeship system broke down, they threw the whole burden onto the schools, and I tell you, my friends, the schools can never train men for you completely. What we have got to do is to have a compromise, a blend of the two methods. We will

three-quarter bake them in theory and information and in moral qualities, and then you must take them into your shops and not use them as mere errand boys, but restore apprenticeship primarily devised for the training of the man, so the four-quarter baking may be made complete.

We are trying an experiment now in the training of the men for the field of shipping, for the mercantile marine. Men will come into the university for one or two quarters in the year and then go right down to these large shipping offices. We do that for two purposes: One is to give them a solid background so their feet are, in a sense, upon the ground, so they can appreciate what theory means; and second, so they will appreciate the value of a laboratory where they can pound knowledge into wisdom by applying it in apprenticeship. That is the policy we are pursuing and we are never going to get anywhere in training men purely theoretically unless the business man becomes a partner in the educational process of training for foreign trade.

Now we are doing a second thing which I think is important. Our second experiment is with China. Through the co-operation of the China Club and the industrial and commercial interests of the city, we are establishing twenty-five fellowships or scholarships for picked students brought from China, on the theory that if these men come to the United States of America and get their training in business methods from us, their acquaintance with industrial and commercial processes from us, when they go back we shall have not only the great sentimental asset of Chinese national confidence, but we shall have the additional asset of the confidence and the co-operation of many of the future leaders of Chinese commerce and trade, all of which is an attempt to train the personnel at this end that we may send across and that they may find congenial and receptive contacts on the other end.

Upon your co-operation in the training of an adequate commercial personnel rests our future in effective organization, because institutions are made of men, and the selection and the training and the apprenticing of men is going to be fundamental in the next twenty years. I ask you, then, as you discuss the problems of industrial and commercial organization of an American system, that you think of two other things: First, the use of the American national system of education for the recruiting and the making of personnel; and second, what is more important, that you cannot

have an American system without national support, and that means a better diplomacy, a saner economic control, and the provision of adequate communication and transportation so as to give the American foreign trader an even deal in competition. (Applause.)

PRESIDENT JOHNSON: One of the most encouraging symptoms in connection with the extension of American trade abroad is the formation in many commercial centers of the world of American chambers of commerce. There is no commercial center of South America which is more important to us than the capital of Argentina, the great port of Buenos Aires. There is an admirable American Chamber of Commerce in existence there, which is represented by Mr. C. W. Whittemore who will address us upon the subject, "The Work and Service of American Chambers of Commerce Abroad." Mr. Whittemore. (Applause.)

THE WORK AND SERVICE OF AMERICAN CHAMBERS OF COMMERCE ABROAD

By CHARLES W. WHITTEMORE

American Chamber of Commerce, Buenos Aires

I want to express my appreciation of the honor the National Foreign Trade Council has conferred on me and through me on The Chamber of Commerce of the United States of America in the Argentine Republic in having extended its cordial invitation to address this Convention. It is a pleasure to be with you, among other reasons because of the opportunity afforded of making public acknowledgment of the debt American Chambers abroad owe to the houses thoroughly seasoned in foreign trade and firmly established under many flags which have supported and encouraged our organizations and without whose assistance no Chamber would be able to exist, and at the same time to point out to those whose interest in foreign trade is perhaps more anticipatory than actual why our Chambers are worthy of their support.

As far as I know, the province of a Chamber of Commerce abroad is not defined. When the organization of our Chamber in Buenos Aires was completed in December of 1918, none of us knew what its work and service should be. We realized that some-

thing had to be done to meet the problems sure to arise in the course of economic readjustment, and we trusted to experience to teach us. Our starting point was a resolve to undertake any service for which we were asked. We responded to every call made upon us, whether for defensive, constructive or educational assistance, whether from individuals, corporations or Governments, and by the end of the first year were able to define with reasonable clearness the policies applicable to the situation confronting us. It may be that American Chambers elsewhere have problems distinct from those facing us in Latin America, but I assume that the variations are in detail, and you may rest assured that we are all inspired by the same desire to protect our foreign trade and to maintain American commercial standards on the high plane on which they have been placed by past and living generations of sound, far-seeing and right-minded American business men.

The primary mission to-day of American Chambers in foreign fields is to do their part in the battle to retain existing commerce. If we can hold what we have already secured, we will be in the best sort of position to extend and expand. In fact, if we can hold what we have, extensions will come inevitably and automatically. The struggle at present is to avoid loss of ground; to prevent foreign competitors from succeeding in their efforts to dislodge us from positions we now hold. Confining myself to trade with the Latin-American Republics, which is more or less indicative, as I understand it, of our world trade, you perhaps know that during the five years immediately preceding the war, there was not a country among them in which our commerce was not growing more rapidly than was that of either of our great rivals, England or Germany. The forward movement began about 1910 and had all the essentials of permanency. The war came and was a help and a stimulus, but naturally developed some ephemeral elements which prompted our competitors to fondly predict that Yankee trade, being an emergency affair, would disappear with the emergency. Our Chambers abroad realize with regret that this prediction is coming true in certain measure, and that European, and more especially English, goods, are reappearing in the markets, and incidentally I want to bring out the fact that the competition, while becoming increasingly keen, is generally clean and sportsmanlike. In other lines, Europe has made more progress than we have, notably in the rehabilitation of her passenger and mail steamship service, a strategic advantage

of many-sided importance. Events are moving rapidly and the danger exists that if our industrial equipment in all of its complex phases does not move with the times, we will be left behind.

The field in which a Chamber abroad can do most to protect existing trade and stimulate greater volume is in the arbitration of commercial disputes. A speedy, practical and satisfactory adjustment of differences of opinion by the interested parties themselves will do more to create good-will towards American commerce than any other one individual factor. This is especially true at the present moment in Latin America. Due to the tremendous amount of agitation at home regarding trade opportunities with these countries, there has been a good deal of rather irresponsible exporting which has prejudiced our trade reputation in them. The old-line concerns which have been doing business down there under their own names for years, are so thoroughly established in the public confidence in the several Republics that they are looked upon as local commercial institutions, whereas the houses which have recently entered the field are considered as constituting the American trade extension. Some of the new houses have adapted themselves to local requirements in a wholly admirable manner, while some others have not done so well, nor, truth to tell, do they seem especially anxious to learn export business. Errors made in good faith lead to complications just the same and are none the less costly and wrath-provoking because the intention was right. The most valuable work a Chamber abroad can do to-day is to bring about an agreement between vendor and purchaser in matters under dispute.

The Buenos Aires Chamber, from the very beginning of its work, invited people to bring their troubles to it. Where differences were adjusted through arbitration, the Chamber made firm friends for American commerce, for the local purchaser discovered he had a fair-minded and influential body just around the corner to which to submit his complaints, with a certainty of just and speedy action. In addition to smoothing out differences and thereby creating an atmosphere favorable to further transactions, these arbitration efforts afforded an opportunity of explaining to local merchants what American methods and practices were in cases similar to those under discussion, an educational aspect of importance. During 1919, the Arbitration Committee of that Chamber handled 132 cases, of which 107 were definitely settled and 25 were

still pending at the end of the year. The Committee held 43 meetings and considered an average of nine cases at each meeting, many of them, of course, coming up time after time, as further information was required. There are several cases where the amounts at stake ran well over \$100,000 U. S. Cy. The Committee appointed 15 arbitrators and 76 surveyors, exclusive of surveys and arbitrations made by the Committee itself or by employees of the Chamber. In addition to this work, the Committee was called on for opinions and statements about prices of given commodities at specified times, and on commercial practices as interpreted by the Chamber and in force during certain periods. It was called on to determine marine freight rates in effect on given dates and to establish the quality of merchandise offered in the Argentine to purchasers in the United States. The experience of the Committee clearly proved the importance of this class of service, and demonstrated the ability of a Chamber in a foreign country to help American business, both there and at home.

A brief account of a few of the cases considered will be of interest. It is not to be understood that they are presented as being typical of American commerce abroad or to create the impression that the American merchant is always in the wrong, but rather they are cited as samples of the exceptional cases which are seized upon by the ill-disposed as being typical, are vastly distorted and exaggerated, and are used as a basis for disseminating the impression that malpractice permeates all American commerce.

A wholesale grocer in Argentina wanted to buy some California dried fruits. He sent an order to an American importer, who declined to accept it for immediate shipment because experience had shown that only fruit from recent crops would stand the long trip. The grocer somehow got into contact with a newly established house in Buenos Aires, which told him a different story, took his order, and cabled on to colleagues in New York to buy and ship a quantity of fruit from an old crop about which they had knowledge. From the standpoint of percentages, the transaction represented a handsome profit. The fruit was loaded into the hot hold of a steamer, where it remained for 30 days, crossing the Equator meantime, and when unpacked in Buenos Aires was found to be so fermented and worm-eaten as to be practically valueless. This was a case where the Argentine merchant should not have *given* the order after having had warning from a reputable house,

where the American intermediary should not have *taken* the order, and where the New York house should have advised against the shipment. The condition of the fruit was widely commented in grocery circles, and needless to say, the whole story was not told, with the consequent detriment to the reputation of California dried fruits for quality.

Here is another case—the first one submitted to us:

A prominent house in Buenos Aires bought several hundred gross of small bottles of perfume. The bottles had oval bottoms; had glass stoppers with finger-grips; the stoppers had glass extensions to take out the perfume drop by drop; little nickle-plated metal caps came well down over the stoppers; each bottle bore a pretty label. The selling value was in the looks of the package, rather than in the contents. The first shipment delighted the merchant and sold with ease. Another shipment of 500 gross came along, but the bottles had flat bottoms; the stoppers were of cork; there were no finger-grips, no glass rods, no metal tops. They looked just like liver-pill bottles;—the selling value was gone. With the shipment came a letter from the manufacturer, explaining that he could not furnish metal caps because of prohibition by the War Trade Board, so he was sending bottles which held twice the quantity of perfume. The merchant tried to sell them, but could not, except at a great loss. The Arbitration Committee took the case in hand and brought about a compromise under which the merchant disposed of the goods at the best price obtainable, stood a part of the loss, in view of his recognition of the good faith of the manufacturer, and the latter stood the remainder. The case involved \$11,000 U. S. Cy., and the solution of it brought out fine dispositions on both sides. Doubtless these two concerns will be glad to do further business together.

Here is the case of a shipment of Chloride of Lime, which, as far as could be judged from the facts submitted, was a disgrace to American foreign trade. The Surveyor appointed by the Chamber reported that the shipment had been made in second-hand barrels which, from both markings and contents, showed evidence of having previously contained oil, grease, lard, soda, syrup, molasses and ashes. The impurities found consisted of the previous contents of the barrels, but there was also evidence of the chemical having been shovelled in from a dump instead of from a loading floor. Moreover, the barrels were so badly coopered that air entered and

the moisture varied from 25% in the best barrels, to 75% in the worst ones. He failed to find a single barrel which did not show some contaminating foreign substance and a great deal of moisture, and considered the shipment as useless for most commercial or chemical purposes. The American commission house which handled the order is a high-grade firm and at once made itself responsible for all losses. Presumably the blame was exclusively on the part of the shipper who evidently thought he could dump any old truck on a market so far distant.

The cases mentioned are samples of the 132 handled by the Arbitration Committee in 1919, and were selected because they could be stated with more brevity than could many of the others. The decisions of the Committee were accepted without qualification in every instance with one single exception, which was appealed. In passing, it is worthy of notice that about 10% of the cases handled involved members of the Chamber, the remaining 90% being work done for houses which neither directly or indirectly supported the Chamber in any way, shape or fashion. This record should be remembered when Chambers abroad ask for recognition from home.

Buenos Aires Chamber, whose activities I quote merely as concrete examples of the work being done by many Chambers abroad, invited everybody to bring their troubles to it, but because of lack of means was never so organized that it could go out and hunt up troubles. Rumors reached us of cases where purchasers had resigned themselves to their losses and had found compensation in talking about their grievances to friends and customers. In isolated cases, malicious and uninformed accusers were asked by the Chamber to specifically state complaints, and were informed of the means of adjustment at hand, but it was manifest that we were not adequately covering the field.

The Chamber could not ask its members to devote more time and thought to the general welfare than they were doing, and it did not have the money to employ expert and high-class men to look after this work. Like all Chambers abroad, it did what it could with the means at its disposal, but until Chambers are in position to perform aggressive, as well as receptive, service, in the upholding of the good name of American commerce, and of defending it when it is in the right, they will not entirely fulfil their mission.

The great majority of the cases of which the Buenos Aires Chamber had knowledge were the result of ignorance or carelessness rather than of bad faith. Apparently the weakest link in our industrial chain is the packing room, where a desire to handle a maximum volume at a minimum expense or a lack of flexibility in the men in charge, lead to deficient packing with the result that either the merchandise arrives in bad order or the cost of transportation is in excess of what it should be. These results naturally hamper us in competitive efforts. Lack of knowledge of foreign standards and terminology cause many complications, of which we had numerous examples. An order for cotton duck for shipment to Argentina was given in the belief that the weights are based in the United States, as in England, on the 29-inch standard, but they are not. There is no standard in the United States, the weight being given per yard, according to the width ordered. Instances came to hand of firms ordering "glazing glass," with the intention of using it for making mirrors, for which purpose that quality is not suitable. Buyers asked for redress, but were shown they had received exactly what their orders called for. There were several cases of houses ordering by name dried fruits of certain grades and receiving the qualities their orders called for, but they were not the grades desired. Errors like these only occur because of our inexperience in foreign trade, and put us at a disadvantage when in competition with European houses which know the needs and desires of their purchasers too well to make such mistakes. The Chamber gave publicity to the errors as they arose and used them as educational points. It urged that it be consulted in cases of doubt, for all Chambers have much of this sort of data on file, and when they have not the special information at hand, are in position to readily obtain it, either from members or friends. There were cases of differences of opinions as to the meaning of shipping terms, especially "C. I. F.," and considerable ignorance was shown in the application of banking expressions. The Chamber gave publicity to typical cases of these misunderstandings also, without, of course, mentioning names, and tried to educate Americans in foreign ways and foreigners in American ways. A little timely help over the rough and unknown places in foreign trade may be of great value to the newcomer from home, and courteous assistance rendered to citizens and merchants of the foreign country itself may produce far-reaching benefits.

A Chamber abroad is in position to speak to and for the local community and to receive communications of general interest. Every American colony in a foreign country needs this sort of a central organization, whose voice is impersonal and authoritative. The Buenos Aires Chamber took up repeatedly with the Shipping Board the need for better steamship service, unhappily without much result up to date. It took up with the Argentine Government the matter of delays in the Argentine Consulate in New York, due, not to lack of good-will, but to insufficient staff, and the Argentine Government courteously and readily agreed to cable on to New York to authorize the Consulate to employ the additional help required. In one case, a Federal Judge in Buenos Aires, who had under study a suit involving American export trade, called on the Chamber for a statement as to the general commercial attitude in the United States toward a certain shipping problem at a given period of the war, and the Chamber did its utmost to answer fully and satisfactorily. The Chamber took up with the United States Government the subject of better mail service; made a study of the very defective parcels post arrangement between the United States and Argentina; looked into the exorbitant charges to ships in the port of Buenos Aires; actively combatted anti-American newspaper propaganda, and took up other matters. Cases could be multiplied in which a Chamber can speak for the local community as well as for American commerce in general, and because of its collective and impartial character can take many stands without giving offense which would not be tolerated if coming from an individual or a corporation.

The Chambers of Commerce abroad with which I am in contact have adopted as a matter of deliberate policy the maintenance of contact with and co-operation with the similar commercial bodies of other nationalities. The local difficulties which confront one national group will confront all other national groups in the same country, and whereas any one group would expose itself to the suspicion of seeking special advantages if it agitated for betterment of commercial conditions, such criticism would not arise if all the groups united in an effort to secure the needed improvements. For instance, countries which are not essentially industrial are apt to have deficient Trade Mark and Patent Right laws, and if any one industrial country tried to bring about modifications in them, not only would nothing be accomplished, but probably among sensi-

tive people an unfavorable impression would be produced. In the same way, some items of taxation are at times burdensome, if not quite prohibitive, as, for example, licenses for traveling salesmen in certain countries. Taxation prerogatives are jealously guarded, and undue insistence on the part of any one national group might meet with the spoken or implied rebuff that if its members did not like local conditions, they could go elsewhere. Matters such as Custom House regulations and practices, relations with the transportation companies, the definition of commercial, financial and transportation terminology, and divers things of the sort, come under the same heading of efforts which can be most productively handled by joint action of all the foreign Chambers of Commerce. In certain countries, there are native commercial organizations with which the foreign Chambers can co-operate with profit to all concerned, and where this is possible, the affiliation should be assiduously cultivated.

We put this policy into practice in Argentina with good results. Down there we formed an "Inter-Ally Commercial Commission," which still exists. It consists of three delegates each from the American, Belgian, British, French, Italian and Japanese Chambers of Commerce, and is a closely knit but unincorporated body, having a President, a Treasurer-Secretary and a legal adviser. During 1919 it made an effort to bring about a termination of the ruinous Buenos Aires port strike, which lasted for three months; secured the trans-shipment, at steamers' expense, of 40,000 tons of merchandise, consigned to Buenos Aires but discharged at Montevideo; made a careful study of pilferage in transit, which is a universal evil of alarming proportions, and rendered a report which was given wide publicity; drew an improved Trade Mark law, which will be presented to the Argentine Congress at its next Ordinary Sessions; watched, and in conjunction with other commercial bodies, opposed increase of Import Duties on mineral waters; took up with the Argentine Government the matter of re-export licenses, and considered a number of other subjects of diversified nature. The Commission expressed its views to the Argentine National Economic Conference about tariff modifications. Its international character enables it to undertake work which no single nationality could broach, and the broad scope of information available through the several Chambers permits it to build on secure foundations. Moreover, constant contact with the other Allied

Chambers developed the fact that, as far as those bodies were able to control events, competitive efforts were being carried on strictly according to the rules of fair play. Doubtless all of the Chambers have reason to regret certain transactions of their countrymen, just as the records of our Chamber show we have reason to regret a few of the operations of our countrymen, and doubtless also the several Chambers have reprobated the irregularities, just as we did. There is an old Spanish adage which says, "Hablando se entiende la gente," which means that if people will get together and talk things over, misunderstandings will be avoided. It is important that the several national groups in a foreign country get together from time to time and talk things over, for if they remain isolated one from the other, antagonisms are sure to arise which will be prejudicial to all concerned.

I want to make mention of the cordial relations which our Buenos Aires Chamber has maintained with all of the Diplomatic and Consular representatives of our country in Argentina. We have proved that there is no need for encroachment on the respective fields of activity either way; all of the Embassy and Consulate officials have been most friendly and helpful, and in turn the Chamber has consistently put its organization at their disposal. We congratulate ourselves on this situation!

My understanding is that the same happy condition exists everywhere. It would be a pity if it were otherwise, for nothing but lost motion would result from friction in a field where every stroke should count for the common good.

Foreign trade is a frame of mind. As a nation we have not acquired it, as is shown with disconcerting clearness by the scarcity of Americans qualified to assume administrative positions abroad. Our foreign trade has grown so much faster than has the education of our young men to take care of it that we see many of the largest American companies represented by non-Americans.

A situation similar to this does not exist among any of the competitor nations. A company will naturally and properly entrust its interests to the man best qualified to protect and enhance them, irrespective of nationality; and I am glad to say that the non-Americans I know, and they are many, who represent American houses, are, as a whole, able, loyal and efficient administrators. It is not that there is anything but praise to be said about these non-

American representatives, but it is deplorable that a condition exists which makes their appointment a necessity.

It is surely an anomaly that after having gone as far as we have in foreign trade, we still have to select non-Americans as agents abroad, just as we still have to depend on foreign bottoms for much of our mail, freight and passenger transportation.

The question of the admission of non-American representatives to membership in the American Chambers abroad has provoked considerable discussion in Buenos Aires and elsewhere, and some of our citizens feel strongly about the subject—perhaps too strongly. From the point of view of the welfare of foreign trade, it is not desirable that changes be made, but when with the passing of the years, positions of responsibility abroad become vacant through natural causes, properly equipped Americans should be ready to step into them.

A hopeful sign that foreign trade as a national frame of mind is making progress is to be seen in the gradual increase of the number of American houses which are withdrawing their accounts from local dealers and are opening up direct representations. It has been a matter for wonder why American manufacturers of mining, agricultural and industrial machinery, among other lines, have been willing to allow established merchants, generally German or British, to handle their products year after year, earn enormous profits and acquire all of the local merit. They have been willing to subordinate their names to the names of the local dealers and to submerge their identities under the prestige of the merchant on the spot. The war brought a number of these long-standing arrangements to a sudden close, and other houses are establishing direct representation under advice of specialists sent to study the foreign fields. Chambers abroad welcome this development, for they feel that Americans should handle American goods, and are anxious to do all they can to stimulate the tendency, for it is bound to result in increased volume of our export trade.

An American Chamber abroad can do much to ensure the maintenance of sound moral ethics in overseas business. The success of the firmly established houses is due to adherence to high standards, and these houses in self-defense, as well as for patriotic reasons, must see to it that the newcomers in the foreign field are guided by the same rules. In the export field, the older and more experienced house is certainly "his brother's keeper," and both

must stand together or both will be the losers. It is said occasionally that it is rather too much to expect American concerns, which have spent years and much money and effort in building up a foreign business, to go out of their way to encourage competitors to enter their fields of activity, but this is not the attitude of most Americans who live abroad. Competition is to be anticipated in every line of business, but competition from our own people is for many manifest reasons, preferable to competition from other nations. Moreover, the mere element of national volume brings appreciable advantages which, in the long run, are bound to be factors of importance.

Without fear of the competition which may result, the established houses have been consistent in their support of Chambers abroad. The one uniform lament of all the Chambers with which I am acquainted is that the houses just entering the foreign field, or which are intending to do so, do not join. They are the ones a Chamber can most effectively serve; they are the ones which can bring out the full measure of a Chamber's usefulness. Chambers abroad do not ask them for contributions; they ask them to become members. They ask them to realize that Chambers abroad are important factors in the development of American foreign trade, that their support is a matter of patriotic duty, and that the time the support is needed is now, to-day, and not next Fall or next month. With adequate support Chambers abroad can expand into channels of usefulness now closed to them and can perform their part in the great national effort to increase foreign trade, for which, by location and opportunities, they are peculiarly fitted. (Applause.)

PRESIDENT JOHNSON: Having listened to this very able and interesting address from the representative of the American Chamber of Commerce in Buenos Aires, we will now shift to the other side of the globe and listen to an address from a representative of the American Chamber of Commerce in Shanghai, China. Mr. Hager has been a resident of Shanghai for the last nineteen years and is an eminent representative of the American business colony in that place. He will address you upon the subject of "Federal Incorporation for Foreign Trade." (Applause.)

FEDERAL INCORPORATION FOR FOREIGN TRADE

By A. R. HAGER

American Chamber of Commerce, Shanghai

The American Chamber of Commerce of China was established in 1915, five years ago. During those five years there has been a tremendous increase in American business interests in China. The population of American business men in Shanghai has practically doubled in that time. The population of Americans in Shanghai at that time, five years ago, was about 1200. It is now about 2500. At that time, in fact until two years ago, we had in Shanghai one American bank. We now have seven. The growth of our chamber has kept pace with the growth of American business interests there. In fact, it has more than kept pace, as we had fifty-five members at the time of organization and now have over three hundred. Our chamber has seventeen delegates representing us at this Convention. (Applause.)

We are naturally interested in all matters taken up at this Convention which affect trade between America and the Orient. But there is one matter which is of particular and vital importance and which we have been asked to present to you as forcibly as we can. I refer to the Bill which is now before Congress providing for the "Federal Incorporation of American Companies in China."

The policy of America toward China, as formulated by John Hay, is that of the "open door and equal opportunity for all." We ask your help in maintaining equal opportunity for American companies that compete for trade in China with companies of other nationalities. (Applause.)

Other speakers before this Convention have pointed out to you how urgently America needs to develop and increase her trade with China. They have pointed out how great a latent asset America has throughout China in the good-will of the Chinese people. Other things being equal, the Chinese people prefer to trade with America.

I say, "other things being equal,"—but unfortunately other things are *not* equal. American companies operating in China in

competition with companies of other nationalities are forced to operate at a marked disadvantage.

Every company, whether, for example, British, Japanese, or American, that is operating in China does so under the laws of its own country. Thus, an American company, incorporated say under the laws of California, doing business in China, is subject to American laws and is under the jurisdiction of the United States Court for China. Our laws were not made to meet trade conditions existing in China and if American companies are to meet the strenuous competition of the next few years in securing China trade, we ask legislation that will place us on the same basis as our competitors.

To hold the trade which America has developed with China during the war period means hard work on the part of the Americans who represent American commerce in China. This increased American trade, due to war conditions, cannot be maintained under the competitive conditions which we must meet in China during the next few years, unless we are able to compete on the level. Our chief competitors operate under laws especially made for the China trade. This gives them a great advantage over American companies in China. We operate under a handicap. Remove this handicap, by suitable legislation, and we will hold the China trade which the war has developed: we will not only hold it, but we will increase it.

Great Britain has had long and successful experience in trade with the Orient. British laws for the control of British corporations operating in China help and encourage their companies in every way possible. These British companies organized under the Hongkong Ordinances are free from national taxation. They do not pay Income Tax, Excess Profits Tax, or War Taxes of any kind. But they more than make up for this to Great Britain by the large share of commerce which they contribute to the British balance of trade.

You can readily see how impossible it would be for an American company, with the same expense of operation and paying the same local taxes as its British competitor, to meet the British company in price competition on staples and at the same time pay our heavy Federal taxes.

What the American company pays from its income to our Government in Federal taxes would, if it were a British company,

pay for a large share of its overhead expenses. As a result, our competitors can sell what they import into China at a lower price than we: they can pay a larger price for China products which they export from China, and at the same time they can make a larger profit. A British company in China can sell the products of the American manufacturer cheaper than an American company. That condition should end at once.

Until recently it has been possible for a company of any nationality to incorporate under the Hongkong Ordinances as a British China Company. A number of companies managed by Americans and employing American capital have taken advantage of this opportunity and have incorporated under the Hongkong Ordinances. This has not been because of lack of patriotism. They would have preferred to incorporate under American law, but have been forced to this action in order to live in competition with other companies in China. Recently the British authorities made a ruling that all such companies must have a majority of British directors. Still more recent "Orders in Council" made it obligatory that the actual management of every company incorporated under the Hongkong Ordinances should be British. That means that any such company, although employing 100% of American capital and managed entirely by Americans, must replace its American managers by those of British nationality.

The argument of the British authorities is that this action is necessary, under existing extra-territorial conditions in China, in order that the British Government may control the companies incorporated under the Hongkong Ordinances. Only a British subject is amenable to British law in China and the British authorities are quite within their rights when they insist upon having control of companies incorporated under their laws.

This action by the British authorities has just gone into effect in China. As a result many American directors and executives have been replaced by British. The question is, what are we going to do about it?

There is a Bill now before Congress which was introduced several months ago by the American Chamber of Commerce of China. It provides for the Federal incorporation of American companies for business in China unhampered by Federal taxes. What we want and need is an equal opportunity with companies of other nationality engaged in the China trade. Remember, con-

ditions in China, owing to extra-territoriality, are different from those existing anywhere else. Every company operating there does so under the laws of its own country, and we ask that Congress provide us with legislation equal to that provided by other nations in support of their China trade.

Increased trade will mean an increase in customs return that will more than make up for any loss of revenue caused by such legislation.

At present an American company must incorporate under the laws of some individual state: there is no such thing as an American corporation. Our Bill, now before Congress, will provide for Federal incorporation and our American companies in China will have the national prestige of being American Corporations.

I know you will agree with me that no American company in China, in its fight for existence, should be forced to organize under any flag but the American flag. No American company should see its efforts enhance the prestige of any nation but our own. Our American laws should be such as to foster and develop American trade supremacy, and we of the American Chamber of Commerce of China ask your support for this legislation.

We ask that you, both as individuals and as organizations, call this matter to the attention of your representatives in Congress. The Bill has had careful consideration in the Judiciary Committee. American companies organized under the laws of other countries await opportunity to return to the protection of our flag. New American enterprises hesitate to organize for China trade under the colors of another nation, and our own laws are inadequate. Conditions are such that prompt action is necessary. We believe that there is no question now before this Convention more urgent than that of prompt action by Congress in passing this Bill. (Applause.)

PRESIDENT JOHNSON: The next speaker needs no introduction to this audience. Mr. Robert H. Patchin, as you all know, was for many years the efficient secretary of the National Foreign Trade Council. He will address us upon the subject, "The Need of a Bargaining Tariff."

THE NEED OF A BARGAINING TARIFF

By ROBERT H. PATCHIN

Manager, W. R. Grace & Co., New York

Mr. Chairman and Gentlemen: By way of preliminary remarks, I wish to say that the subject of a bargaining tariff or the endowment of our tariff system with some means of encouraging foreign trade or protecting our foreign trade against discrimination is an extensive subject and the limitations of a paper in this convention do not permit discussion of all its aspects. I regret that the paper I have prepared which is in effect a résumé of the research of the National Foreign Trade Council on this subject was not completed in time to be printed in advance. You have in your hands, or there is available for you here, a compilation of examples of foreign discrimination against American trade. That pamphlet is entitled, "The Immediate Need of a Bargaining Tariff," and my paper is supplemental thereto.

The world is in the midst of a colossal tariff revision. Prior to the war the commerce of the United States, consisting chiefly of natural products, had steadily increased in a peaceful world tariff environment. Tariff wars were unknown to us. The commercial relations of the world were governed before 1914 by the free trade policy of the United Kingdom and the network of commercial tariff treaties among the leading European nations and between them and the United States, Japan and the remainder of the world. The most favored nation relation animated most of these treaties and supported the principle of equality of treatment which, with few exceptions, was enjoyed by the United States, and which was extended by the United States to practically all others.

MOST FAVORED NATION CLAUSE: The most favored nation clause is the greatest common factor in the world's tariff and commercial treaty relations. It is defined by the United States Tariff Commission as "a provision intended to assure to each (or one) of the parties to a treaty that it has been put, by the other, in a position as advantageous as that accorded to any other nation and that it shall not subsequently be put in a less advantageous position in the event that greater favors or privileges be granted to a third or other states." The clause appears in more than twenty

of the treaties of the United States. The most favored nation relation is differently interpreted in Europe than in the United States.

The European interpretation is unconditional—that is, nations extending the most favored nation privilege accord to the other treaty party the best treatment given to a third whether “freely given” or in compensation for tariff or other favors.

The United States Government has, almost consistently, held that favors reciprocally given or received need not be accorded to or demanded from governments enjoying most favored nation relations with the United States. The United States cannot *consistently* demand, as a most favored nation right, the privileges which other states may grant each other by treaty or reciprocal bargaining. Consistency, however, is a jewel that gleams but faintly in periods of economic readjustment.

EUROPEAN PRE-WAR TARIFFS: Prior to the war, discriminations were practiced through ingenious specialization of tariff schedules and administrative practices rather than avowed differential duties. Germany's commercial treaties with her European neighbors were to have expired in 1917. For ten years German economists had been preparing for the negotiations of new treaties, in which Germany would have used all the resources of her increased exports and imports, her greater banking and shipping and particularly her control of raw materials and “key” products to win greater concessions under the tariffs of other countries. Nor were the other nations less conscious of a possible war of tariffs. Staffs of economists steadily prepared for the renegotiation of commercial treaties and revision of tariffs. In England, a strong argument for tariff reform was that without a general tariff the United Kingdom could offer neither reciprocal advantage nor penalty to countries to which Germany would offer reciprocal concessions in order to make further inroads upon British foreign trade. The United States was in a somewhat similar situation with a tariff barren of resources for either bargaining or retaliation.

It was, therefore, with the prospect of an eventual European tariff readjustment that the First National Foreign Trade Convention at Washington in May, 1914, adopted the following:

“RESOLVED, That it is the sense of this Convention that the President, and the Secretary of State, be urged to exert their best efforts to negotiate treaties or trade agreements

under existing law which will secure to American producers the advantage to which they are entitled in oversea markets by reason of the large volume of trade which those markets enjoy with us."

The adoption of the resolution was moved by one of the organizers of the National Foreign Trade Council who, during the ensuing four years, was Chairman of the Council's Committee on the Foreign Trade Aspect of the Tariff, and who, until he gave his life to his country in France, never ceased to advocate legislation which would make the American tariff a means of protection and encouragement of foreign trade. I refer to the late Major Willard Straight.

For six years the National Foreign Trade Council has urged that, *whatever was the underlying principle* of the tariff, high or low protection, or competitive, it should be equipped with adequate resources for encouragement of our foreign trade and its protection against discrimination. The Council's attitude toward this question has been always non-partisan and non-political. My discussion is entirely without tincture of politics.

You heard last year a masterful address on this subject from Mr. W. S. Culbertson, one of the members of the United States Tariff Commission, and it will be my purpose to present the situation as it has since developed.

AMERICAN FOREIGN TRADE IN 1914: The circumstances of the foreign trade of the United States in 1914 were, briefly, as follows:

For the fiscal year ended June 30, 1914:

Exports	\$2,364,579,148
Imports	1,893,925,657

Total Foreign Commerce... \$4,258,504,805

This was estimated to be about one-tenth of the value of our total production of natural and manufactured wealth. We had a negligible foreign-going merchant marine. We were a debtor nation. Our exports were largely of raw and semi-manufactured products, essential to the industry of the countries to which they were exported, but not competitive with their industry. About sixty per cent of the total value of our imports were admitted to the

United States duty free and in practically no instance were imported foodstuffs or raw materials subject to any differential export tax in the country of origin.

The United States bought its foreign raw materials on an equality with all other countries. Little transshipment was effected in our ports.

The great clearing points for raw materials, such as rice, rubber, coffee, jute, grains, vegetable oils, etc., were the free ports of the British Isles and Continental Europe. The role of middleman among the nations, so profitable to European countries, Uncle Sam had never played.

WORLD TARIFF READJUSTMENT: Now what has happened to the well-balanced commercial relationship that existed in 1914. We find that:

(a) All commercial and other treaties, including the most favored nation relation, between Germany, Austria-Hungary, Bulgaria and Turkey, on the one hand, and the Allied and Associated Governments on the other were abrogated by the war. The greatest change is the passing of the most favored nation clause of the Treaty of Frankfort imposed by Germany upon France as part of the price of peace in 1871. The mutual obligations regarding equality of treatment and the commercial treaty structure built up through many years of negotiation between the Central and Entente Powers were thus swept away.

(b) France has announced her intention of terminating all her commercial treaties containing the most favored nation clause, has given notice of denunciation of numerous commercial treaties and agreements while Spain, Italy, Greece, Sweden, Norway and Russia, have given notice of similar purport to various nations. The United States has given notice of abrogation of the provisions of certain treaties requiring the apprehension of deserting seamen which some authorities contend, abrogated the treaties entire. Negotiations for reciprocity treaties are already in negotiation between various powers. Japan's exchanges with Argentina are of particular interest.

(c) British Free Trade has been modified by the extension of the dutiable list of the United Kingdom and the establishment of a preference thereunder to the following articles when imported from within the Empire; tea, coffee, cocoa, chicory,

currants, dried or preserved fruits, sugar, glucose, molasses, saccharine, motor spirits, tobacco, motor cars and parts, musical instruments and parts, clocks and watches and parts, and cinematograph films. This is in order to influence trade to flow in Imperial Channels.

(d) Steady extension has been made of the principles and degree of tariff preferences accorded by the self-governing dominions of the British Empire to the products of the Mother Country or other colonies. This includes preferential duties and restrictions on exports of raw materials, such as hides and skins from India and palm kernels from British Africa. Other countries are extending their colonial preferences.

To realize how completely the commercial treaty fabric of the

world is to be re-woven, it should be remembered that France, was shackled, from 1871 to 1914, by that provision of the Treaty of Frankfort which established unconditional most favored nation relations with Germany, literally requiring France to make instantly available to Germany any concession granted under the French tariff to any other power. Germany was similarly obligated to France, but Germany at the end of the Franco-Prussian War had most to gain from such a guarantee. Feeling that her commercial autonomy thus had long been impaired, it is not strange that France did not await the end of the war but on May 14, 1918, announced her intention to denounce all commercial conventions, containing the general clause regarding the most favored nation or the consolidation of tariffs as well as treaties and agreements concerning commercial travellers and the exercise of industry.

It was stated that the French Government would ask in each case that the treaties denounced should remain in force for three months' periods renewable successively, until new agreements should be concluded to take their places.

France has given notice of termination of twelve treaties or conventions with Great Britain or British Colonies, and of other treaties and conventions with Norway, the Dominican Republic, Nicaragua, Spain and Greece. Spain has given notice of denunciation of various treaties with Sweden, Norway, Denmark, the Netherlands, and Switzerland. Italy has given certain notice to Spain, Japan, Roumania, Russia, Serbia, Switzerland, and France. Norway has given notice to Portugal. Greece has given notice to

Norway and the United States. Sweden gave notice to Germany regarding the treaty of 1911 but it is reported that an agreement was reached temporarily to prolong it. Russia has given notice to Norway.

In brief after a long period of stable tariffs the European nations are giving notice to each other that they are no longer to be bound by old treaties but are prepared to readjust tariff relations by every means within their power, chiefly the bargaining or retaliatory provisions of tariffs. It is a period of intense nationalism despite efforts toward internationalism, of brisk policies of individual aggrandizement despite the greater interdependence of nations in their common economic straits.

While the citizens of the formerly warring nations are individually resuming trade relations, governmental policy and politics are still dominated by war psychology.

Nothing is now heard of the Economic Alliances, one of which was formally effected by the Entente Powers in 1916 at Paris, while the other took the form of a project for a "Mittel-Europa," a Zollverein which was to comprise Germany, Austria-Hungary, Bulgaria and Turkey. The Economic resolutions of Paris were chiefly valuable for their political effect as a declaration of "war-after-the war." Their disappearance from the realm of policy is due to the fact that the mutual military interests of the Allies were not mutual trade interests.

The tendency is undoubtedly a reaction toward a narrow nationalism somewhat resembling that of the pre-Napoleonic era, when all nations based their policy on a close relation between commercial power and political power.

AMERICAN FOREIGN COMMERCE 1920: We must now examine the present economic situation of the United States to determine the effect upon us of the possible abandonment or modification of guarantees of equality of treatment. We find that American foreign trade in the fiscal year ending June 30th, 1919, consisted of imports valued at \$3,095,876,582 and exports valued at \$7,225,084,257, a total value of \$10,320,960,839. The United States accumulated in the six fiscal years, 1914-1919, inclusive, an excess of exports (including re-exports) over imports of \$14,434,629,318.

We have millions of tons of shipping constructed at a cost of from three to four times that of tonnage built before 1914, with which these expensive vessels must compete. Above and beyond

this, the nation has sacrificed human life, effort and treasure, that the peoples of the world, and their commerce, should be freed from a military menace springing from excessive commercial ambition.

Commercial relations have, moreover, been vastly changed by the loans made among the nations for war purposes.

The annual interest charge on the ten billion dollars of public funds loaned by the United States to Allies and belligerent powers is more than \$500,000,000, which is more than one-fifth the total value of all our imports in the last fiscal year before the war.

NEW DEBTOR AND CREDITOR RELATIONS: Great Britain has made large loans to her Allies. The interest and amortization payments will, eventually be based upon merchandise, some of which will be competitive with that of the colonies to whom she proposed to accord a tariff preference. Germany's indemnity payments must be eventually rendered in goods or services the acceptance of which by the indemnified nations is essential to their economic recovery. All these altered debtor and creditor relations are bound to put into motion currents of commerce, the strength and direction of which we can only conjecture. That their influence upon international exchange may, in some degree, outweigh that of tariffs, seems probable when it is recalled that the rise of sterling exchange at New York from a low of 3.10 on February 4, to 4.06 early in April, is said by competent authorities to have been considerably assisted "by the official announcement by the Chancellor of the Exchequer that Great Britain and France were making the necessary arrangements to repay the United States loans maturing next October." The principal of that particular loan was \$500,000,000, only 5% of the total of U. S. Government loans to our Allies.

The industrial capacity of the United States so far exceeds normal consumption that foreign markets are indispensable to the continued regular employment of labor. This may seem untrue at a time when labor is so scarce and costly but some degree of industrial reaction is inevitable.

DISTRIBUTION OF EXPORTS AND IMPORTS: The origin of our imports and the distribution of our exports has undergone many significant changes since 1914 as indicated in the following:

	1913	1919
Imports	\$1,831,008,234	\$3,095,876,582
Exports	2,428,506,358	7,074,011,529

Six Principal Sources of Imports:

1913		1919	
United Kingdom..	\$259,564,940	Canada	\$468,954,818
Germany	186,963,071	Cuba	337,654,142
France	136,877,890	Japan	303,993,041
Brazil	123,881,644	Argentina	166,061,539
Cuba	120,154,328	Mexico	157,693,451
Canada	108,813,368	United Kingdom..	157,107,578
	\$974,255,341		\$1,591,464,569
	53% of the total		52% of the total

Six Principal Destinations of Exports:

1913		1919	
United Kingdom..	\$597,149,059	United Kingdom..	\$147,412,241
Canada	415,449,457	France	976,696,797
Germany	331,684,212	Canada	813,723,031
France	146,100,201	Italy	496,174,736
Netherlands	125,909,862	Japan	326,462,269
Cuba	70,581,154	Belgium	322,940,837
	686,873,945		\$5,083,409,911
	68% of the total		71% of the total

It is obvious, therefore, that the tariff policies of the United Kingdom, Canada, and the other Dominions of the British Empire, France, Italy and Japan are of vital importance to our export trade. Not only may their tariffs become less favorable to our merchandise, but by means of bargaining tariffs they may bid heavily for tariff concessions in markets where our merchandise now receives equality of treatment. Germany is a tariff factor less because of volume of trade than on account of the skill of the Germans in utilization and control of their resources and specialized products and their familiarity with the game of tariff negotiation.

Despite her large trade, Cuba is not a point of tariff exposure because mutually advantageous reciprocal relations were established with the United States when the Island achieved political independence. The increased proportion of competitive manufactured

merchandise in our export trade of today is the condition most likely to stimulate tariff bargaining by our competitors.

For instance, suppose a European government offers to a South American country, now a large consumer of American manufactured merchandise, tariff concessions on certain South American produce in return for an especially low duty on European goods competitive with those from the United States. As the United States is the best and largest market for South American produce most of which is admitted duty free, it is improbable that the South American government would hastily enter into the proposed reciprocal relation but doubtless would use the overture to draw some concession from the United States. If the South American Government should desire to embrace European reciprocity the United States could not consistently offer objections for our Government has always held that tariff concessions granted reciprocally, are neither to be demanded from nor accorded to a third power by virtue of the most favored nation relation.

FOREIGN TARIFF SYSTEMS: The only power to change American tariff schedules now resides in Congress. Other nations give their executives a certain latitude to decrease or increase duties for purposes of reciprocity or retaliation against determination. Canada has four tariffs, viz.: The British preference, applicable to imports from the mother country and certain other parts of the Empire, the intermediate tariff, enjoyed by countries which have entered into reciprocity treaties with Canada; the general tariff, and finally the surtax, a penalty to be imposed on those discriminating against Canadian commerce. Great Britain has no surtax. Austria-Hungary's old tariff authorized the imposition without awaiting legislation of a surtax up to 200%. France has a general and a minimum tariff. The minimum tariff is extended to goods of countries extending their minimum tariffs to French merchandise. The General Tariff applies to all else. In 1910 the tariff relations between the United States and France were readjusted and some ninety American articles admitted to the minimum tariff. That included practically all articles important in our export trade to France of that day, but affects only about 25% of the American exports to France at the present time. On their part, the French regard the prohibition of imports of wine as a discrimination, in fact if not in law. It is no secret that the French propose to seek special concessions from the United States in return for more

favorable customs treatment of American imports. Under our present tariff such an agreement could only be obtained after ratification by Congress. Chile, Italy and Japan are among those having surtaxes. Germany possesses a highly specialized general and conventional tariff, the latter and lower level of which was the basis of her special tariff treaties with other continental states.

WEAKNESS OF AMERICAN SYSTEM: The extent to which foreign tariffs now, or may hereafter discriminate against the commerce of the United States is shown in a summary compiled by the Council and available to you in printed form. Suffice it here to say that *discriminations are multiplying because it is known abroad that the American tariff has neither provisions for the granting of concessions in return for concessions, nor penalties to be imposed on imports from countries discriminating against American trade.* The only vestige of tariff flexibility is the somewhat superfluous paragraph in the Tariff Act of 1913, stating that the President may negotiate with foreign governments commercial agreements providing different rates of duty, subject to approval of Congress. As Congress is traditionally indisposed to alter any tariff rate except in the course of a general revision this is practically worthless.

DISCRIMINATION IN EXPORT TAXES: A somewhat unexpected form of preference has recently developed, namely in export of raw materials. The most noteworthy example is found in the export duty on hides and skins from India. A duty of 15% is imposed by the Indian government on hides and skins but two-thirds of the duty is refunded upon receipt of the goods at a British tannery.

"The country that will feel the impost more than any other," says the Statist of London, "is, of course, the United States which received about 37% of its imports of goatskins from India."

The most immediate result of this preference is that tanneries located in Canada under practically the same working conditions as those in the United States, can get their raw material 10% cheaper. American tanning companies have been urged either to remove to, or establish branches, in Canada in order to take advantage of this preference. I have seen a letter from a Canadian tanning company to an American Company urging this course and adding:

"As there is no duty on leather into the United States from Canada, your product would be free to enter the American market where you could warehouse and sell your goods to just as good advantage as you do today and retain the same connections, and

organization intact." That is to say, the production would be transferred to Canada and the wages paid to Canadian Labor but the sales would be made in America. The establishment of branches of American industries in Canada in order to reach the Canadian market is not new, but the extension of export preference by India to stimulate production in Canada for sale in the United States is an intensification of the policy of preference previously unknown.

Various governments have restricted the export of unmanufactured raw material. Canada's prohibition of the export of crown land pulpwood has never been regarded as a discriminatory practice because applied equally to all (although the United States is the only country affected in practice) and because the policy was designed to conserve for the Canadian paper and pulp industry the Dominion's pulpwood resources. Tariff preferences within the Empire have not hitherto been regarded as discriminatory except by Germany which, after a tariff war with Canada, abandoned that contention. But with the emergence of the British Dominions from the colonial stage, their development of complete tariff autonomy, and their separate voting membership in the League of Nations, the question is being raised whether they will not necessarily be regarded as nations within the meaning of the most favored nation clause. In other words, are the self-governing dominions to be regarded as colonies so far as their inter-Imperial Tariff privileges are concerned but as sovereign nations in their political relation.

This question has its bearing on the preferential tariff relations existing between the United States and the Philippines.

Other countries with colonies are tending toward preferences in the terms on which their produce is available to the world. All of them, however, obtain vast supplies of raw materials from the United States on a basis of complete equality.

The constitution of the United States forbids, as is well known, the levying of any export tax. This sprang from abhorrence of the restrictive embargoes that oppressed the colonies. It has been in harmony with the progress of nations away from the "era of exclusiveness."

But if now each nation should seek to reserve for itself or its colonial relations its raw materials, would not the United States perhaps be tempted to follow the policy? In that event the logical result might be a Constitutional amendment permitting export taxation and possibly the extension thereunder of preferences on

cotton, copper, coal, and other commodities indispensable to foreign countries. This would be an unfortunate hindrance to that freedom of competitive commerce which is necessary to extension of our foreign trade but who will say it would not be logical in a general world reaction to narrow nationalism in trade policy.

The theme of this Convention, "The Effect of Being a Creditor Nation," has thrown into high relief the importance of greater imports. The prosperity of our Merchant Marine depends on return cargoes, for the tonnage of our exports now far exceeds that of imports. Any general tendency to establish preferences in export of raw materials essential to American industry would impair and complicate reimbursement for exports.

Nobody expects that the United States can retain either the total volume or value of its existing foreign trade nor the vast favorable trade balance of the last three years. But everyone here does expect that America's share in international commerce shall increase in steady proportion to the country's resources of industrial production, and the skill with which our people provide merchandising, shipping and banking service.

Two objects are to be sought: encouragement of our foreign commerce and its protection from discrimination. This applies to ships as well as goods and the just privileges of American citizens and capital abroad.

NEW INDUSTRIES REQUIRE WIDER MARKETS: As industry more highly develops, the necessity arises for obtaining favorable entry into foreign markets for classes of manufactures previously not generally exported to all markets. An example is the canned food industry.

The prosperity of many small communities depends entirely upon full time operation of the local cannery and the total weight of the industry in the scales of our national prosperity is large. California alone last year shipped \$225,000,000 of canned foods. In response to the heavy demand of the last five years the productive capacity of the country has been greatly increased. Sales to Europe are naturally decreasing. The search for compensating markets elsewhere encounters adverse tariffs. The duties are not necessarily discriminating, usually they apply to all imported produce alike but the classification is sometimes such that canned tomatoes or tinned salmon is levied upon as a luxury in the same schedule with *pâté de fois gras*. The total value of exports to South America

of canned foods was, in the fiscal year 1918, only \$2,292,000, of which more than half was condensed milk. It is just as essential not only to producers of vegetables, fruits and milk, and the canneries that foreign markets be developed and held as a balance wheel against recurring periods of domestic depression as it is to the steel workers and steel mills, the cattle growers and meat packers, and other industries longer established in export trade. Moreover true national foreign trade policy will take cognizance of the fact that wider markets for canned foods is necessary to give the Pacific Coast its proportionate share of the benefits of export trade and to supply outward measurement cargo to steamers operating between the Pacific Coast and South America. But as long as the United States has no tariff concessions to offer in return and no additional duties to oppose to discrimination the desired reductions of duties or modifications are not forthcoming nor are they likely to be.

The canning industry is mentioned because its circumstances are familiar to a large proportion of those present but many other American manufactures are similarly in need of wider foreign markets and similarly restricted by discriminatory foreign tariffs.

PAST AMERICAN POLICIES: Our own tariff history contains ample suggestion of means of rendering the tariff more useful in safeguarding our foreign trade.

The Dingley Tariff of 1897 possessed three distinct bargaining features:

First, the President was empowered to negotiate and proclaim, without reference to Congress, treaties based upon concessions of 20 per cent in the duties on argols, brandies, sparkling and still wines, paintings and statuary.

Second, the President was empowered to impose specified penalty duties on tea, coffee, tonka and vanilla beans, when imported from countries whose treatment of American products he deemed reciprocally unequal and unreasonable.

Third, the President was authorized to enter into negotiations for more extended reciprocal relations by reducing by 20% or less the duties on any articles imported into the United States and by transferring to the Free List natural products of other countries which were not natural products of the United States, these treaties to be ratified by the Senate.

The Dingley Tariff remained in force from 1897 to 1909 the period when Germany and other countries of Continental Europe were bringing the bargaining tariff to the highest state of development it had yet known. Only one of the three provisions of the Dingley Act above referred to was given effect, namely: The "Argol Clause." No occasion was ever given for imposition of the retaliatory duties and the Senate failed to ratify reciprocity treaties negotiated under the third provision. The modest Argol Clause was sufficient to protect the commerce of the United States from discrimination by France, Germany, Portugal, and Italy. It is also significant that President McKinley, the only recent President with any expert knowledge of the tariff, was a consistent advocate of the bargaining features of the Dingley Law, finding it wholly consistent with the protective policy. Deeply disappointed, by the failure of the Senate to ratify the Kasson reciprocity treaties, he declared in his last speech at Buffalo: "The period of exclusiveness is past. The expansion of our trade and commerce is the pressing problem. Commercial wars are unprofitable. A policy of good will and friendly trade relations will prevent reprisal. Reciprocity treaties are in harmony with the spirit of the times, measures of retaliation are not."

The Payne-Aldrich Tariff, of 1909, substituted a purely retaliatory tariff for the bargaining features of the Dingley Act. It provided in effect that the products of any country "unduly discriminating" against the products of the United States should be subject to a maximum tariff of 25% ad valorem, in addition to the rates of the tariff generally in force.

As the Payne-Aldrich Act abrogated the agreements negotiated with European countries under the "Argol Clause" the concessions extended by those countries to certain American products were withdrawn and "undue discrimination" against American products was thereby created on the part of, notably, France, Germany and Canada. Tariff wars were narrowly averted. It became quickly apparent that the retaliatory method as expressed in the Payne-Aldrich Act was an unwieldy weapon, in operation quite as dangerous to the United States as to the other country. The threatened tariff wars of 1910 were compromised rather than won by the United States. Our Government, undoubtedly, would have hesitated to put the maximum tariff into effect against any foreign country and welcomed a fair settlement. Nevertheless, the fact

that the maximum tariff was in existence for five years proved a deterrent to flagrant discriminations against American foreign commerce. There were constant discriminations, serious to the individual interests involved if not injurious to the nation as a whole, and the Secretary of State in 1911 called the attention of Congress to the necessity of a less unwieldy form of retaliation to meet discriminations, which did not justify the heroic effort involved in a declaration of tariff warfare all along the line.

It was proposed that the President, when satisfied that another nation's Tariff laws or commercial methods were inimical to the equal opportunity to which American enterprise is fairly entitled, might impose on any or all imports from such countries additional duties of from five to twenty-five per cent ad valorem. This was graduated retaliation within the discretion of the executive.

This proposal was addressed by a Republican Secretary of State to a Democratic Ways and Means Committee and went unheeded, the discriminations continuing meanwhile. No doubt any similar recommendation of a Democratic Secretary of State to a Republican Ways and Means Committee today would be similarly treated, such is the partisan treatment now accorded the tariff question.

The Underwood-Simmons Tariff Act of 1913 abandoned the retaliatory feature in the belief that the concessionary method was better than the "big stick."

Its only recognition of the interest of the export trade consisted of an authorization for the President to negotiate commercial treaties with other governments subject to the ratification and approval by Congress. Nothing was done in this direction for the Tariff Act had been in effect for less than one year when the European war began.

RECIPROCITY: It is doubtful whether American foreign commerce can be greatly advanced in the long run by the negotiation of a series of reciprocity treaties. The task would be colossal. The reduction of tariff duties for the sake of reciprocal relations would evoke active opposition in Congress from representatives of the domestic interests affected, rendering ratification by two-thirds vote difficult if not doubtful.

Therefore, the idea of comprehensively revising the commercial relations of the United States with some thirty countries by a series of reciprocity treaties may as well be dismissed as imprac-

licable. The concessionary method is undoubtedly the better because the more conciliatory. The United States, however, need not resort to piece-meal concessions through reciprocity, but should regard the vast market here available to foreign merchandise without discrimination, the enormous tonnage offered in American ports to foreign vessels as well as our own, as an opportunity in return for which every country should accord American commerce equality of treatment in its own markets. [Since this address was delivered, the Shipping Bill (Jones Act) has become law, opening the way to possible preferential tariff duties on goods imported in American ships.]

EQUALITY OF TREATMENT: The United States Tariff Commission states in its last report:

"If the principle of equality of treatment is to be adopted, something more than a bare declaration of policy is needed—some method of enforcement is indispensable. As matters now stand, the United States has no way of bringing pressure to bear, or rather, none that is immediately available. If not accorded equality of treatment by other countries, this country is almost helpless . . . If the United States wishes to exercise pressure upon another country for the purpose of bringing that country's measures into conformity with demands of the United States for equality of treatment, the slow-moving process of legislative enactment alone is now available.

"Measures for the purpose of securing just treatment by other countries may take one of two forms. The first of these is that of concessions, or of concessional arrangements by which reductions of duty may be conceded to countries which grant the United States equality of treatment. The second is that of additional duties, in the nature of penalty or retaliatory duties, made applicable to countries which fail to give the United States satisfactory treatment. Each of these methods has its advantages and its disadvantages."

The Commission has reviewed these advantages and disadvantages. Its conclusion is in favor of the method of additional or retaliatory duties. The Commission avoids the use of the word retaliatory, but that, nevertheless, is the method and it surely will add rather than detract from the efficacy of a future policy, if it

be thoroughly understood to be retaliatory. The Commission further reports:

"The method of additional duties is that which can be put into effect by the United States at once, without disturbance of its general tariff policy, and without committing the country definitely as regards the permanent commercial arrangements which may be evolved as part of the coming international settlement. The necessary flexibility can be secured by leaving the actual imposition of additional duties to the discretion of the President, who shall act always in conformity with a stated general principle and subject to general limitations defined by statute."

This recommendation has yet borne no fruit although it was the result of a painstaking and non-partisan investigation. There is no indication that Congress at its present session will display any interest whatsoever in this recommendation for the reason that no public pressure has been brought to bear comparable with the agitations for prohibition, labor legislation and other class enactments which have occupied the attention of Congress.

No American tariff revision in the future can be wholly a domestic question, nor can any successful tariff be drafted with such a purely national viewpoint as has sufficed in the past. The principle that a general tariff revision represents a satisfactory economic adjustment of conflicting interests, all of which are intelligently reflected by Congressional representatives of the people, is inadequate. There is no more important duty before all citizens than the vigorous support of the United States Tariff Commission. Its analysis of the bearing of the tariff upon American foreign trade contained in its report on "Reciprocity and Commercial Treaties," is a document which no person interested in foreign trade should be without. Any person can obtain this valuable book by writing to his Senator or Congressman or to the Tariff Commission direct. It gives not only the facts of the present commercial treaty situation, but sets forth, without argument or color, the facts of all the tariff expedients resorted to by the principal governments of the world during the last century. Whereas, at the time of our first convention the information on this subject was scattered and poorly arranged, it is now concentrated and well

arranged, despite the meagre appropriations given by Congress to the Tariff Commission.

All those interested in the sane ascertaining of the facts regarding the foreign trade aspect of our tariff and our commercial treaty relations should make his representative in Congress know that he considers the work of the Tariff Commission essential to the prosperity of his individual business.

Reference is often made to the necessity of the government more vigorously supporting American business. I make bold to say that the American diplomatic and consular services have splendidly assisted American business abroad. The foreign trade adviser of the Department is fighting the battles of American foreign traders every day. So are the Department of Commerce and the Commercial Attaches.

But do you realize that against present and potential discriminations our Ambassadors, Ministers, and Commercial Attaches are helpless. Their portfolios contain only pleas, their utmost offensive weapon is a complaint, their utmost concession is a "thank you." They are champions without a spear, defenders without a shield, so long as the tariff remains without resources for bargaining or retaliation.

By equipping itself with the means of enforcing equality of treatment the United States would fortify that principle against the economic assaults to which it is apparently soon to be subjected. The additional duties would probably never be levied but such preparedness would be as effective economically as military preparedness would have been politically in 1916. Without some such preparation we are likely to find ourselves involved in wasteful tariff wars. Is it not the highest duty of the United States to cast at once into the international scales its full weight and influence against commercial reaction and in favor of equality of treatment? (Applause.)

PRESIDENT JOHNSON: The last address of the morning will be upon the subject of the "Reorganization of the Government Service of Trade Promotion and Information" by Mr. W. W. Nichols of Allis-Chalmers Company, New York City. (Applause.)

REORGANIZATION OF THE FOREIGN SERVICE
OF OUR GOVERNMENT

By W. W. NICHOLS

Allis-Chalmers Mfg. Co.

Mr. Chairman, Ladies and Gentlemen: I will try to read what I have prepared as quickly as possible. I want to emphasize some points, however, and in doing that I may reverse the usual order of things by submitting to your consideration what may be considered a summary of my address. I do that to emphasize the fact that reorganization of the foreign service of our Government must depend upon the state of public opinion. First, in its firm conviction as to the need for foreign trade; second, in its comprehension of the Government's relation to foreign trade; third, in its full recognition of present defects in the State and Commerce Departments; and finally its acceptance of some remedial plan of reorganization. To that end I propose to attempt a demonstration of the four following propositions: first, that foreign trade is essential to our national welfare; second, in the prosecution of foreign trade for the promotion of peace and prosperity we require the assistance of Government; third, that defects in the present foreign service of the Government jeopardize our foreign trade; and fourth, that reorganization of such service is an imperative necessity. Every foreign trader must be convinced of the truth of these four propositions or he will fail in his duty of influencing public opinion.

The Necessary Relation of Government to Business, domestic and foreign, but particularly the latter, must be recognized and understood or we are not competent to discuss the organization of Government service on behalf of trade. It took over a century to teach us that domestic business is a national affair that requires Government attention. You will remember that it was not until 1903 that our Department of Commerce was authorized and its Bureau of Foreign and Domestic Commerce was not segregated until nine years later. It is edifying to see that an increasing appreciation of its importance in the minds of our officials gives foreign trade a certain predominance in this Bureau,—a predominance, however, recently jeopardized by a drastic proposal in the House

which was only killed by the prompt and vigorous opposition of business men.

There is abundant evidence that the Bureau's appreciation of the essential character of foreign trade has not yet touched the consciousness of our Public Opinion, nor, and this is worse, is it strongly manifested in the very circles where unanimity of opinion in this regard should be expected. If our merchants and manufacturers always realized their relation to our foreign trade, a national enterprise upon which our national prosperity,—*their* prosperity, depends, it would make much easier the perplexing task of informing said Public Opinion.

Please bear in mind that, in dealing with the subject in hand, I shall remind you of many things you know already. In doing this I crave your indulgence and offer as my excuse a desire to direct your thoughts so that you may follow the logic of my reasoning in support of the constructive suggestions I wish to submit to your consideration.

The foreign trade of the United States as a national enterprise has partaken too much of the nature of a haphazard venture to impress many of us with a proper perception of the nation's relation to it, due probably to the peculiarly accidental development of such trade which has given it, generally speaking, a character all its own. Foreign trade has not resulted from any special initiative on our part but rather has become largely what our foreign customers have made it; that is to say, that as a commercial nation we have not systematically sought trade with foreign countries but have accepted only what our foreign customers' compelling needs have brought us, largely independent of any effort on our part.

The reason for this is easily explained:

A domestic demand ever confronting us by the rapid development at home in all directions has constantly crowded our growing facilities. We have had for practically every need the unlimited resources of a new country of virgin promise, of every kind of climate and geological formation. This made unnecessary recourse to foreign trade for raw materials that are required for the great variety of manufactures our unexcelled genius has produced. Therefore, we could keep in the forefront of advancing civilization by the simplest means possible, so, to use a colloquialism,—why worry? There were exceptions, of course, where enterprise and a transcendent vision, in spite of handicaps, have, unaided, helped

our national development in this regard, but is it not too true that the rule of indifference—when not actual antagonism—still retards our progress and shames our intelligence?

Thoughts like these may well be in our minds if we are to lead Public Opinion out of its indifference. If it be true, and I think we know it, that Public Opinion asserts itself in our congressional halls, we certainly need to pause and ponder when we read such comments as the following from a recent communication addressed by the Board of Directors to the members of the American Manufacturers Export Association:

“Congressional debates on our foreign trade too often disclose a misconception or a misinterpretation of advanced modern thought which two years ago might have incurred the serious charge of unpatriotism. Some Senators, credited with perspicacity in other respects, publicly testify to a belief that legislation on behalf of foreign trade is class legislation,—for the benefit of a few and not of the people at large.”

A congressman is in duty bound to interpret and support the sense of his constituency, only a small minority of which comprehends the importance of our foreign trade. Too many of us try to delude ourselves, however, with the utterly fallacious conclusion that, because we do not want to have anything to do with the rest of the world, we need not. If we agree, therefore, that the fault lies not with Congress but rather in the undecided or misguided opinions of our citizens, the Congressional Record becomes an index of Public Opinion. Any appeal to Congress may have but a temporary and very uncertain effect when permanent measures are contemplated; we must go direct to the People instead. We know that now better than ever since events of five years have proven it beyond a doubt. We cannot emphasize too strongly that concentrated action at Washington may fail of its purpose of improving our foreign service; we must depend on the positive assertion of enlightened Public Opinion for the constructive legislation so imperatively needed. Our first step, then, is to arouse a powerful and insistent public sentiment everywhere favorable to a reorganization; then reorganization will follow inevitably.

We should be so *obsessed* by our desire to promote foreign trade for the country's good and so convinced of the close relation

of Government to it, that consciously and unconsciously we shall exert a contagious influence on the sentiment of our particular community.

Time and again, as we fully know, well laid plans of foreign traders are unexpectedly checked by some legal restriction abroad, which is nothing other than governmental interference that can only be countered by governmental action. Such action will be just as effective as the strength of the organization back of it. All negotiations are battles of wits and participants should be at least of comparable skill else an unfair and temporary result obtains. To hold our own in our dealings with foreign nations our governmental agents must be competent to meet every situation. This requires intellect specially trained in difficult and complicated diplomacy and capable of a sympathetic response to foreign thought-methods, habits, customs and all that constitutes dispositions incomprehensible to the inexperienced. This should be esteemed as of first importance. Such knowledge does not come by native intuition and cannot be expected in the provincial who too often in the past has been called upon by partisan preference to represent and protect American interests abroad.

Truly, a highly organized foreign service is to our civilization a prime necessity whose importance cannot be overestimated but deserves our best thought. Other nations, who have demonstrated a superior capacity for foreign trade, like Great Britain, France and Italy, are now reorganizing and enlarging their foreign departments in the light of the better knowledge of their needs derived since the war. This is remarkable in view of their invariable rule to appoint only trained specialists of long experience. A national sagacity to condemn our indifference!

In the extreme emergencies of 1914, when there were frantic calls for experienced skill, great tact, resourcefulness and energetic initiation on the part of our Government in the protection of the lives and property of our citizens in foreign lands, one representative only at the ten most important posts affected had had any previous diplomatic experience; the others had served about one year. The average experience available in the cases of Great Britain and France was twenty-eight and twenty-four years respectively. Some of us, who felt the defects of this condition, have reason to thank the prestige of a great neutrality whose prejudice was eagerly sought and the extraordinary assistance of private initi-

ative unaided by Government. Fortunately, the personal character of our representatives was of the highest and their loyal, patriotic intentions were never in question; they were victims of a wrong system. Again had we conclusive proof of the gross defects of an imperfect organization actually dangerous in its weakness. No wonder, as ex-Secretary Lansing confesses, that the State Department's machinery permitted the United States to remain in ignorance of the intention of the German government just prior to the war. Such omission or incapacity would be criminal neglect to-day since we have awakened from a dream of splendid isolation—of a protecting insularity.

Another reflection is submitted for your judgment. Our army and navy rank high as standards of efficiency in organization. Now, please note that, without depreciating their high function of preserving peace, the one performance, which, generally speaking, thrills the nation and to which their education, subsequent thought and constant study is directed, is war—the sheer destruction of life and property. How inconsistent with our principles of government by consent of the governed, our latest declarations in support of self-determination, unalterable opposition to all aggression and every other provocation of war between nations, that we give every consideration and freely of our funds (in the ratio of 60 to 1 in normal times) in the maintenance of the effective fighting forces of our Government while we regularly neglect better agencies for peace and good will! Without a strong foreign service to forestall misunderstandings, adjust differences, extend trade and other peaceful relations, and above all to exert our high influence in the preservation of international peace, our future becomes indeed mysterious and uncertain. Foreign service departments function only in times of peace; the last act in the severance of peace ties between nations is the withdrawal of all those forces which have no place in the prosecution of war. The army and navy are taught to fight; foreign service departments seek peace only, and their usefulness ceases when war begins.

No less an authority on war and its uses than the former German Kaiser testified in no uncertain terms to the influence of the diplomatic service in shaping its course. You will remember that William Hohenzollern bitterly condemned the failure of his diplomats to create an international sentiment in his favor which he believed would have strengthened neutrality and modified the oppo-

sition that only grew with time. But the tricky German diplomat only lived up to his training and functioned in strict conformance to the false principles taught him in the Kaiser's school.

I have pleaded for your prompt and effective assistance in the creation of a pronounced public sentiment towards our foreign trade to the end that our Federal Government shall strengthen its Foreign Service. We cannot perform our part by criticism alone. Our experience with and dependence on the service should qualify us to diagnose the trouble in order to prescribe the remedy. It may be easier to do this now that Washington is impressed and has recently displayed such great activity in eliciting much information on the subject. Both Mr. Lansing and Mr. Redfield have given us the benefit of their long experience in statements of the many difficulties that prevented the accomplishment these gentlemen sought.

Of first importance is the serious absence of team-work in the operations of the governmental departments concerned. According to the evidence, one circumstance, if true, is both ridiculous and incredible to a business executive. The permanent Departments of State, Commerce, Agriculture, Labor and Treasury when dealing with their respective phases of the same transaction attack them regardless of each other. This is largely due to defects in the law, as one authority attests in sharply assailing such practices while he declares that friendly coöperation always obtains. In such service independent action leads only to confusion, and multiplication of effort is wasteful and ineffective. Business men would decide that this can be due to but one cause, the absence of wise and centralized administration. In every situation that can arise in foreign service, all should function harmoniously under one administrative head. Means for a perfect coördination to prevent present hindrance to a good service must be provided. According to reports, a Foreign Trade Council has recently been appointed to effect "a just balance between diplomacy and economics," but, judging from the more recent testimony given by ex-Secretary Redfield, this Council either fails to function or it does not meet the situation.

It would appear that the Government may be hoist by its own petard. It has been instrumental in creating a unique type of industrial competition opposed to honest coöperation, wise understanding and other means helpful to a business esprit de corps so essential to national progress,—a brutal competition, in fact, to make us the butt of a discerning economic world. A peculiar situation that

obtains in the operations of the foreign service of the governmental departments indicates a similar cause, which contributes its baleful effects. A desire to demonstrate a particular usefulness in order to ensure appropriations evidently provokes a jealous competition between the several departments that may account for much of our trouble. The independent, uncoördinated operation in our foreign service of fourteen distinct governmental departments which, to again quote ex-Secretary Redfield, "work separately, each in large part unaware of what the other is doing," is amazing and fraught with probable disaster to any well-laid plans of American commerce; a criticism corroborated in the report recently made to the Senate by Secretary Lansing. This is at the very root of things and calls for an immediate and drastic remedy. Here is an evil that points a principle fundamental to our need.

When we reflect that the greatest of all wars found its real inception in commercial rivalry, we must concede that international trade relations demand serious consideration; thoughtless interference with them may be charged with gravest consequences. We can now well understand how *every* move abroad by any and every agency of our Government must have some effect on our trade relations. Therefore, can there be any other conclusion than that we require *one* service, and one service only, so united in its action that no possible incongruity can arise? This may be a consummation opposed to the opinion of some of our foreign traders, who delude themselves in the belief that their dependence is on the Department of Commerce alone, which is sufficient unto itself without recourse to the diplomacy of the State Department. We now have proof to the contrary. Let us, then, adopt the all-inclusive term Foreign Service and apply it without the fine distinctions that now confuse the issue! Then there will be force in the suggestion that the Foreign Service of the Government shall be managed by a Foreign Service Board, described below,—in place of that assembling of all activities within the State Department recently recommended by Mr. Lansing. Under present circumstances, Mr. Lansing's plan would defeat our ends and therefore deserves our carefulest attention in view of the congressional consideration being given it, according to the best reports. Our publicity campaign must needs begin.

Reorganization of the Foreign Service of our Government is now receiving the attention of a joint committee recently appointed

by the National Foreign Trade Council, American Manufacturers Export Association and the National Civil Service Reform League; as Chairman of this committee I have the honor of addressing you today. We are so firmly convinced that no comprehensive plan can or will be adopted by Congress unless it is acceptable to and forced by Public Opinion that we earnestly believe measures should be taken at once to develop such Opinion.

The whole success of our organization awaits our ability to create a career—such as to attract the intelligence of our land and hold it enthusiastically for life to the privileged performance of a patriotic service that shall not entail the great and sometimes impossible sacrifice that now obtains. The present flood of resignations, depriving the foreign departments of the Government of capable men trained by special experience, furnishes us much food for thought. The present emoluments and prospects are not only inadequate, they are unfair and unreasonable. There should be provided immediately salaries commensurate with the duties performed, with prospects of promotion and pensions to incite at all times diligent attention and initiative. Business executives are sensible to the extreme difficulty of organizing a personnel chosen for its special fitness to perform, and the ease with which such an organization can be broken and dissipated. They know too well that the destruction of manufacturing plants and equipment can be quickly remedied while the dispersion of the intelligence and skill that make such plants productive is indeed irreparable; and knowing this they will be appreciative of the insuperable difficulties now imposed on *their* prospects by our Government's competition for special talent with private business; present demoralization on this account is truly alarming.

Assuming that we can offer the required career for life, our first step is to provide the groundwork for such a career by education. We applaud the wisdom of our forefathers in establishing early two institutions at West Point and Annapolis for the intensive training of our youth for war. Let us hope that sometime our Government will have for peace promotion a third educational institution of equal standing for the same high order of training for its Foreign Service.

Fortunately for us our Federal Commissioner of Education has influenced the establishment everywhere of broad, constructive plans in education for foreign trade service which were beautifully dem-

onstrated at the Sixth Annual Convention. So we need not fail of candidates, whose high personal qualifications in health and character have first been confirmed, trained to pass rigid examinations in international law, history, politics, economics, language and kindred subjects.

The Junior Rank, thus equipped, will be further trained during this probationary period by experience in duties systematically assigned them in the Departments of State and Commerce, to fit them for promotion to the next grade.

The Consular and Commercial Rank.—It is believed that a wise interchangeability between consuls and foreign agents of the Commerce Department will be of inestimable benefit to us now and later in positions of greater responsibility and executive importance. One valuable effect will be to increase opportunities for promotion, always an incentive to a vigilant and alert discharge of duties. There is, however, a vastly stronger argument still. By common report, from the standpoint of business, one of the gravest defects of our foreign service today lies in the differences of administration between the State and Commerce Departments, notwithstanding their close association, due to differences in the commonly understood character of the service performed. It seems, however, that most of the difficulty arises from a lack of appreciation,—an ignorance by each of the distinguishing features of the other's function. According to present international usages, much diplomacy needs to be secret and slow, whereas commerce demands promptness in the dissemination of trade information, of little or no value if delayed. When training in the two positions is specialized and restricted, effective reciprocity is impossible, and the State Department with all the authority the law properly grants consequently restrains, when it does not destroy, the best efforts of the Commerce Department,—an action frequently unexpected by the latter because of its ignorance of diplomatic needs. Perhaps if the restraining officials of the State Department had received more of a commercial training they would be more discriminating in their action. Interchangeability appears to be the one remedy and furthermore will elevate the service by evolving a finer judgment, a farther vision and other valuable traits in a broad and enlightened preparation for heavier responsibilities; then proper appreciation by the commercial agent of the claims on the diplomat and, vice versa, similar appreciation of commercial needs by the diplomat himself, will secure a

coördinate practice not now the rule. In due time, the Foreign Service Board may promote members of the Consular rank to

The Secretarial Rank. Under-Secretaries of the Embassy or Legation, first acting as assistants to the First Secretary, will aspire to that high position and in turn be considered available for appointment to the highest rank of all.

The Plenipotentiary Staff. Ambassadors and Ministers are unquestionably the personal representatives abroad of the Federal Administration and, because of an inherent defect in our form of government, we must face for the present the possible exercise of partisan consideration in the presidential choice of such representatives. Short-sighted partisan prejudice in Congress against the merit system may also be expected to exert its opposition, but with lessened effect because confined to this relatively small class in the service. We admit this method of appointment to this staff only as an expedient; we anticipate the time when public sentiment will accept only highly trained and experienced diplomats in these positions and meanwhile we must rely on the high sense of personal responsibility of our Presidents and the influence of the Senate to utilize the talent a strong organization will furnish. When we reflect furthermore, that the progress of the merit system during the past forty years has been by a geometrical ratio, we may be confident that it is only a question of time when this system will be the rule of all Government appointments.

The above constitutes substantially the broad outline of the Foreign Service had in mind by our joint committee and forms more of a statement of principles than of any scheme of organization. In the time available I cannot deal with the infinite details of such organization even if I were competent to do so, which I deny. Details can be safely left to the proper experts available to Washington, whose recommendations will naturally be influenced by the elaborate plans now in the making abroad. Finally, particular emphasis is laid on the supreme need of a competent centralized board of control as an essential to satisfactory service.

A Foreign Service Board of preferably seven members, including the Secretaries of State and Commerce ex officio, is of basic and vital importance to our plan of organization. The Secretary of State should officiate as Chairman of this Board. Five non-partisan members would be appointed by the President, with the consent of the Senate, from the past and present Ambassadors, Ministers,

Secretaries of States, etc. They should hold office for a term, say of ten years, and be removable only by a three-quarters vote of the Senate upon presentation of charges by the President; different terms of office to lap in order to strengthen and maintain continuity of administration. This Board should possess broad powers of direction, supervision and appointment besides acting in an advisory capacity to the President in his selections for the Plenipotentiary Staff. In the discharge of its functions it would of necessity occupy an influential relation to the Foreign Service Examination Board, the Civil Service Board and all other governing factors in the service.

Our failure to provide official, residential and administrative quarters abroad forms a shameful commentary on our national perceptions and reflects an indifference we may not feel towards foreign nations whose friendships we seek. Our good sense in this respect might be everywhere impugned were it not for an extraordinary test of eligibility our Presidents have been able to apply in making appointments. To impose on the private wealth of individuals the burden of supporting our position abroad is as unseemly, inconsistent and absurd as it is unjust to everybody concerned, both the President and his appointee. Such a course should humiliate our national pride. Any reorganization plan demands the adoption of a proper policy in this regard, for otherwise we cannot determine any consistent schedule of salaries until we eliminate from the calculation every item of expense necessary to uphold our national dignity and prestige.

This in effect and more has been said time and again without making much impression, simply because we have never had a decided public appreciation in this country of any normal need beyond the limits of our commonwealth. I say "have had" for may we not hope that the great part we performed in the war was no mere play of the emotions but an evidence of an enduring realization of our dependence on the outside world for our peace and happiness—a realization that will make itself felt in the evolution of our international life.

In closing, let us keep this always in mind,—persistent publicity in the molding of Public Opinion is the great requisite. (Applause.)

ADJOURNMENT.

GROUP FIVE

DIRECT SELLING ABROAD

In Co-operation with the American Manufacturers'

Export Association

Thursday, May 13, 2:30 P. M.

Ball Room, Palace Hotel

The session was called to order by Leonard S. Smith, Treasurer of the American Laundry Machinery Company of Cincinnati, Ohio.

CHAIRMAN SMITH: Mr. Roberts of the National City Bank of New York in his paper yesterday referred to the fact that there are two elements necessary for development in foreign trade, namely, the buying as well as the selling elements, but as the American Manufacturers' Export Association was primarily formed for the purpose of increasing sales, the papers this afternoon and the discussions will have reference to the selling problems.

More and more American manufacturers are coming to the realization that if they are successfully to extend the sale of American products in foreign countries, direct selling methods must be employed.

I am not going to burden you with any lengthy introduction, but I am going to introduce the speakers.

Mr. W. L. Saunders, Chairman of the Board of the Ingersoll-Rand Company, was to read a paper on "Why Direct Selling," but he was unavoidably detained; and Mr. H. L. Terwilliger, Secretary of the Ingersoll-Rand Company of San Francisco, will read his paper.

WHY DIRECT SELLING

By WILLIAM L. SAUNDERS.

President, American Manufacturers Export Association.

Just as a straight line is the shortest distance between two points, so is direct selling the shortest and surest way to sell goods.

This axiom applies as well to domestic as to foreign trade. Manufacturers at home have the means to reach customers by direct methods,—they know the country, the ways of doing business and the facilities for financing orders, hence domestic trade attracts first attention and returns come in in large volume. Not so with foreign trade. With the exception of a few of the larger manufacturers there has been little determined and fruitful effort to reach foreign fields. Every one has at all times been willing to give special discounts to agents for foreign trade, to send catalogs, to advertise, and even to share the expense with others in sending a traveling man abroad; but this only approaches the situation; it is a mere picking process which sometimes enables one to get rid of a surplus stock at a sacrifice; but it does not, and cannot, establish those relations which are a necessary precedent to a permanent and enlarging business. Such methods are amateurish and not professional. We all practise them in the beginning. When we get wise through experience, we turn to direct selling.

In the early days, the Ingersoll-Rand Company was represented by agents at home and abroad. In domestic work many of those agents were of long standing, they were looked upon almost as a part of the company. The business had been profitable for all concerned. But it became apparent that in territories where direct selling was resorted to, both through traveling salesmen and by establishing branch offices, the proportion of business obtained was much greater than even with the best agents. This resulted in the adoption of a branch office policy in all new fields and the gradual replacement of agencies. In some cases we located a man and sometimes an office force under the same roof with the agent, coöperating with him by giving a more direct contact to the agent. This policy usually brought larger sales and more profit to both principal and agent. In some cases the agent was taken over, placed on the payroll and brought at frequent intervals to the home office and the works for education and closer contact. In time he became a branch manager. In other cases the branch gradually absorbed or replaced the agent entirely. In others, they both did and have continued to do business in the same office side by side, to the satisfaction and profit of both.

If this process is good business at home, how much more necessary it is to follow it in developing foreign fields. It seems to me to be altogether a question whether or not we are in a position to

finance a project looking to the extension of one's business on a permanent scale. All experience points to the conclusion that if we have a product of value, something which is, or which might be, used in a foreign locality, and if there is a fair chance to sell it at a price not too much above that of the native product, we should send one of our best men first to look over the ground, and then open an office there. At first, except with large concerns with plenty of money, it is best to get desk room in a house of established reputation. This enables one to get accustomed to the ropes, to learn the ways and means of doing business and to obtain credit. After a while, if all goes well, the branch can be extended.

It is obviously best to send men abroad who speak the language of the country where they do business; but this is not always an essential condition. To know the product and the business is the first and most important qualification; to have business judgment, tact and adaptability to meet conditions as they arise, is next in importance. The right man will make connections with those who speak the language, he will keep things going until he himself learns the language.

In no case that I am familiar with has a business been established on any large and permanent scale abroad except through direct selling. I have a case in mind where a foreigner had the agency of an American product. He was doing a good business and the manufacturer at home was well satisfied. This agent retired from business. An American youth, who was only a sales clerk in his office, was made manager, and he doubled the business the first year.

All foreign connections are not the same in their methods of doing business, hence there is no rule of three that can be set down as applicable to all of them. In some it pays to talk American goods, for there is a charm about the name; in others to say that the goods were made in America is of no selling value. A good man on the ground will learn how to steer in these things.

Not only does direct selling bring the maker and buyer in closer contact and afford means of mutual sympathy and interest, but it enables the maker of the goods to more nearly meet competitive conditions. It shows him how to build his product to meet the needs or the fancies of his customer. He gets closer to him. There is also a psychological value in direct selling. The customer thinks and feels that he is in a position to get better prices and terms. Close

contact between principal and agent always makes for the best results; there is created a mutual bond of interest. All trade to be permanent and profitable must contain the elements of mutuality of interests. Direct selling promotes this; it is like seeing a man yourself and talking things over with him rather than writing letters or sending some one else to talk to him and represent your case.

Direct selling through advertising alone cannot fully meet the situation. It does some good in certain lines which are simple, or of a common or standard nature; but it is at best unsatisfactory and of temporary value. All buyers in all countries like to place orders with some one who is on the spot. In machinery trades, this is of the greatest value. The buyer feels that there is some one nearby to take care of the product, to see that it performs properly and to aid in overcoming difficulties and in repairing trouble.

The English people are the greatest traders in the world. They have pursued the policy of direct contact with peoples of other nations. They are constant travelers, going to the fields which they seek to cultivate, studying the conditions, getting acquainted and establishing connections that lubricate the machinery of business and make it easy for people to trade with them. We shall do well if we follow methods which have led to success. To some this policy looks expensive. It costs money to get it established, but if our product is good and our shops big enough, we shall find that it is the best investment in the end. (Applause.)

CHAIRMAN SMITH: It has been the custom in these group sessions of the Foreign Trade Conventions to have the papers which are prepared read and then discussed, with a view to drawing out other thoughts that may be embodied in the paper. In connection with the discussion of Mr. Saunders' paper, I am going to ask Mr. George R. Meyercord, President of the Meyercord Company of Chicago, if he has anything to say.

MR. GEORGE R. MEYERCORD: Mr. Chairman and Gentlemen: As a member of the American Manufacturers' Export Association for a number of years, I want to call attention to the thought underlying Mr. Saunders' remarks. As you noticed, the whole paper was predicated on the theory that the small manufacturer wanted to get into the game and get some good, sound advice. The thought that interested me particularly in the paper was his remark, "To know the product and the business is the first and most important quali-

fication." I want to illustrate that by some experiences of my own.

Before I was married, three or four or five times a year I would take a month or two and go abroad. I went to different countries and attempted to sell goods. I visited foreign countries to call on the local trade without having any interpreter. I called on concerns in Russia. I was there three months visiting different manufacturers and I would spend a week selling merchandise of our manufacture, and I actually sold by the sign language because the people recognized that I knew my product and knew it so thoroughly from the standpoint applied to their goods that I was able to make sales, and I made sales that the firm has held ever since.

The point I want to make is this: That so many manufacturers get the theory into their heads that they must have a fellow who talks the language of the country to which he is going. That is secondary. His product must be his bible. He must know every angle of it; and if he knows it, he can sell that merchandise by sign language. That is one thought.

You notice the paper compared the question as to the importance of a man speaking the language. Everybody seems to think that is a prime requisite. It is not. Suppose a Chinaman had a machine which you could use in the manufacture of your product as a shortcut. By sign language and photographs he could point out the merits of his article and you would buy it. That is actually what is possible and largely possible by the expert who knows his own commodity.

The thought that the paper did not bring out which I want to emphasize is this: When you sell direct through your own established office, or sell through your own traveling men, if you please, you are establishing a foundation for your trade-mark which you wouldn't get if you attempted to do it through mail sales or through brokerage sales or through exporting agencies. The manufacturer's representative, if he knows his own commodity, knows that when he makes the sale he is establishing a foundation for the permanent retention of his trade-mark rights in that country and he will know whether he must register the trade-mark.

I am Chairman of the Foreign Trade Committee of the Illinois Manufacturers' Association. I want to illustrate an experience that came up. A young Russian nobleman was introduced to me by the Department of Commerce. Some representative of the Department of Commerce sent him to me with the thought of seeing

whether, on account of the fact that there were so many agricultural implement factories located in Illinois, there was a possibility of the Illinois Manufacturers' Association undertaking the idea this young Russian had in mind. He had an idea and it was a good one. He said that in foreign countries with the sale of agricultural implements, there should be a mechanic nearby to see that it was kept in order. This young man had learned mechanical engineering—he was about twenty-seven—and he thought that he could collect five or six hundred Russians who had some mechanical sense, pick them from among the Russian workmen in this country, locate them in agricultural machinery factories such as tractor factories, and he would make contracts with them whereby, provided they were advanced by the factory step by step through the departments, at the end of a year or two they could be demonstrators of these tractors. He said that on his father's estate they tried out three or four tractors and some of the nearby estates had also purchased tractors, and the machines were rendered useless in a few weeks because there were no mechanics there to correct the troubles. As a consequence the American tractor got a black eye. His idea was to take these workmen, have them work in these shops and then be under agreement to go to Siberia or Russia or wherever the tractor company would establish an agency, and send along with the first sales of the machines a trained mechanic who would correct the difficulties and maintain the standard of workmanship the machine had to deliver and see that the machine delivered it, thus building up a permanent reputation.

It is obvious that that is direct selling of the best kind, because a man buys an article that he wants to use. He is not buying social attentions. Thank you, gentlemen. (Applause.)

CHAIRMAN SMITH: The United States Rubber Export Company have had considerable experience in direct selling abroad, and I am going to ask Mr. Huxley, President of that Company, to give us some of his experiences.

MR. E. H. HUXLEY: Mr. Chairman and Gentlemen: If I had been going to name the paper, instead of naming it "Why Direct Selling" as it is named, I think I should have named it "Why Not Direct Selling", putting the burden of proof the other way 'round, because it scarcely seems to me there can be any question about the advantage of the direct method of selling.

We do it here in our domestic business. In fact, we would scarcely think of any other method in an important market. We would scarcely entrust our interests to a representative or an agent over whom we exercise no permanent control and on whom we might be dependent for a complete change of program should he choose, or should it be advisable at any time to change the medium of distribution.

In some lines of business, in many lines, the day of the jobber, the middleman, is passing, and we are accustomed to come nearer the consumer than in former times. That is illustrated in the enormous growth of the so-called mail-order house whose frank and admitted method is a direct connection with the ultimate consumer who purchases at retail. Now if that policy is good for our domestic business, it is equally good for our foreign business.

The fundamentals underlying successful foreign trade do not, it seems to me, differ essentially from those that we are accustomed to practice in the pursuit of domestic trade. Some business is large enough to warrant almost any expense and almost any type of organization. That appears to be self-evident, so it seems to me it might be more helpful to turn aside for the moment from the problem of the large manufacturer whose volume of sales and whose diversity of product may make it easier for him to maintain a more or less complete and expensive selling organization abroad, and consider for a moment the problem of the smaller manufacturer or the problem of many who seek to enter the export field.

We would not hesitate to put a salesman on our payroll who could go into a virgin territory and sell a moderate amount of our product. The value of that product, expressed in dollars, might vary with different classes of business. In some classes of business an annual return of twenty-five or fifty thousand dollars per salesman is quite satisfactory, while in others, the character of the product being different, a salesman might be expected to sell possibly two or three hundred thousand or even a million dollars worth of business in order to make it a profitable venture. But whatever the satisfactory annual turnover per salesman would be in the domestic business, the same figure would hold in the foreign business; that is, if we would be satisfied to send a man into a virgin territory and his returns should be, say, fifty thousand dollars and that would compensate us for the expense of the man, then

that same figure would be equally applicable to a virgin foreign field.

That point, I think, is not often realized and we attempt to surround this foreign business with a sort of mysticism. We regard it as something that is occult, not the ordinary, every-day commercial business that we are accustomed to at home. We think there must be some special method or some mysterious waving of hands that brings that business in. I don't think that is the case. The method of approach, the method of conviction and the closing of the sale are the same, whether the man be of our own nationality or that of some other nationality. It isn't any more of a task to send a man to Cuba in a nearby foreign field than it is to send him to California if the factory happens to be located East of the Mississippi river. In fact, the distance is not so great that we who are accustomed to long distances need be frightened by the fact that the journey is overseas. Therefore, if we would be satisfied to hire a salesman and to pay his salary and expenses to go to California or to go to Nebraska, there appears to be no reason why we should not be equally satisfied to send that salesman to Cuba, to the Argentine or even to South Africa, provided, of course, the business is there, and we will assume that the business is there; because if he can return fifty thousand, one hundred thousand, or five hundred thousand dollars worth of business as a result of his efforts here, then an equally productive market abroad would insure against reasonable competition, a like return from abroad; so that it seems to me we should cure that fear that we have that there is something different in sending a man to Cuba or to the Argentine than there is in sending him to Nebraska or Dakota or to California. There is no difference. If he knows his business and if he knows his line, he is just as well equipped, he is just as sure to bring results in the one place as he is in the other.

Now the advantage of that seems to me entirely obvious. If you enter into an agency contract, you make all arrangements with a local concern in the Argentine. In the first place that concern is likely to be of foreign origin. It is likely to be British, it is likely to be French or it is likely to be Italian. We have few local importing merchants of American origin in the Argentine. That constitutes, to my mind, the first objection to the method of the agency or distributor plan of reaching the market. In other words, we have to entrust our interests to some one of a different nationality.

In the second place, suppose that the arrangement is made and proves to be reasonably satisfactory. It has no assurance of permanency. Some other brand of goods may come along that is apparently more attractive. Some controversy may arise that cannot be arranged amicably and the contract may be cancelled. Then we have nothing to show for our effort, the business belongs to the local importing merchant, it does not belong to us. We have no man who has made the acquaintance of his customers, and knows who bought this and in what quantities and who bought that and in what quantities. We put all our eggs in one basket and entrust our entire business to a comparative stranger.

One might say that the argument in favor of agencies is economy, but I don't think that is true. In fact, I think the thing can be proved to be untrue; for it is certain if you are delivering a large quantity of material to a single, exclusive distributor, he is bound to get your lowest price. If you have got your own man on the ground, however, and he goes to this man and that man and the other man, large and small, he will get a higher price for some of the product distributed to the smaller consumer or dealer than he would get from the larger consumer or jobber, and certainly a higher price than he would if the entire product was distributed through the medium of the exclusive, local importing merchant. The salesman ought to be able not only to earn his keep, his salary and his expenses, but he ought to be able to earn more by the intelligent application of prices.

We are apt to gauge markets by our own and it is a mistake. Because we can raise or reduce prices at times under certain conditions in the United States, is no reason why we must reduce or raise prices in a foreign market. In fact, the contrary is true, for it is oftentimes possible to get a higher price in a foreign market than may be obtained locally at home, and sometimes, per contra, we must sell the product at a lower price than we get at home. It all depends upon the local market conditions, and that has very little, if anything, to do with the conditions in this country.

Of course the countries of close proximity like Cuba, Porto Rico, etc., are influenced largely and strongly by the conditions in the United States, but the further one gets from the United States, the less that influence is noticeable. How can you get the advantage of those markets, the higher price when you can get it, unless you have a man there who can size up the situation and who knows what

the proper price is? Your importing merchant is bound to be wholly selfish, he is bound to be working for his own profit, and he is bound to buy the goods from you at the lowest possible price that he can get, and in selling them he naturally gets as high a price as he can.

If you have your own man on the spot, he knows when the market is high. He knows when the market is low, and he can get all there is in the market and he can return those orders for direct handling and direct shipment to the consumer, the dealer, and then to the jobber at the highest price that the market will stand without making the price so high as to interfere with sales.

That brings up, naturally, the question of credits, the question of the safety of an order, the question of accounting as one's own forwarding agent, insurance agent, shipping agent; but that is not as serious a problem nor does it require as detailed a knowledge as might appear at first. The matter of credits is not a mystery and the popular feeling that most of the crooks are outside of the United States and all the honest ones in, is entirely fallacious and does not hold. There are men outside of the United States with just as strong financial standing, just as honest, just as well entitled to credit as there are in the United States. Our problem is to find out who they are, and that is not a difficult thing to do. There are many ways in which it can be done.

The service that the big banks are rendering is one of the best methods, but if you have your man on the ground, he can go to the local banks even though they may be a foreign origin and can inquire how this man stands, how long he has been in business, whether he pays his bills, and he can get that information exactly as we get it in the United States.

If the man that you propose to send out is not competent to return with his order suitable credit information, then the man is not suitable to send, so the credit boggy, if it is a boggy, disappears. Your man on the ground is able to give you the exact knowledge that you require.

Some of us think a salesman is apt to urge credit when it is not justifiable, but I do not think that should affect the matter seriously, because the salesman knows that it is not to his own interest to do that; and if he insists on the acceptance of orders where the credit is not sound, he knows his own job would be endangered very quickly.

Now as to shipping, insuring, forwarding, etc., there is nothing mysterious about that. The matter can be turned over to one of many forwarding houses, if desirable, who are thoroughly organized and quite competent to undertake the shipment of the goods and effect the insurance, so that the whole cycle, from the time the man arrives, takes his business, returns his credit information, and the material is manufactured and shipped, is not so complicated and mysterious as some of us think.

The advantages seem to me apparent. I could scarcely conceive of any argument on the other side. Stripped to its lowest terms, you have on the one side a local importing concern who has no interest whatever in your business, but every interest in his own business; who is going to screw out of you the last money that he can in the price, no matter whether it is necessary or not; who is likely to leave you at any moment if he can make a more favorable arrangement some other place; and you have all the eggs in one basket. On the other hand you have a man of your own nationality who takes a pride in your company, in himself, and who wants to make good. He is there for the purpose of serving you and no other. The other man has other goods that he is handling and if your goods do not sell easily, he won't sell them because he is likely to have other products that do sell easily, and he will sell the thing that is sold with the most ease. Your own man knows your business and must sell your goods because he has nothing else to sell, if he is going to retain his job.

I want to take issue, not wholly but in a degree, with my good friend Mr. Meyercord on one point, and that is on the fact that your man does not need to know the language of the country to which he goes.

I can conceive of some patented article that sold itself, as it were, the advantages of which were so great that salesmanship was relegated to an inferior position, but most of us are not dealing in that class of commodity. I can imagine the Chinaman that might come here, or the Russian, with an article that was obviously something we wanted and by means of signs might effect the purchase, but for the great majority of goods that we sell, we have to combat real competition and the goods do not sell themselves.

Fancy this Chinaman or Russian coming here and attempting to sell a shrewd American purchasing agent something in which there is strong competition. I think he would be at a disadvantage.

He could not set forth the advantages of his product. He could not discuss the question of price and terms. He could not discuss the question of deliveries and I should rather be interested in the product that was being presented by the American who spoke the language of the shrewd purchasing agent than by the Russian or the Chinaman who could not conduct a business conversation.

MR. MEYERCORD: My argument was on the theory of the address, if you please, of Mr. Saunders, where he is talking to the beginner as to the importance of whether he shall speak the language or not. I do not mean to say if the fellow is going to stay in the country he should not learn the language or should not seek a permanent connection along the lines of the combination of the language. My remarks were on the difference between the man who understands the language but does not necessarily understand the merchandise and the man who understands the merchandise but does not understand the language. I said the man that understands the merchandise can beat the man any day in the week who understands the language but does not know very much about the merchandise.

MR. HUXLEY: I feel sure we are in complete agreement on that matter, but I think there was a little danger in letting that thought go out without some modification and caution, because there is no question but what not only a knowledge of the language but the ability to speak it fluently and the ability to carry on a business conversation is essential if the enterprise is to be permanent.

Perhaps I got the wrong impression from what was said, but the impression that I got was that the native ability of the American salesman would carry him over the breach that he would lack on account of his failure to speak the language. I don't altogether agree with that. Of course, going on to the other features, we don't want men who are going to be silly asses and go down and ape the customs of the country that are not essential. We all understand that, the same as we don't want drunkards or men that are in the habit of patronizing 125-foot bars; but on the other hand, there is a fine complimentary side of the thing that appeals particularly to the Latin-American if you adapt yourself and accommodate yourself to his point of view, to his method of life, and the things that mean more to him, sometimes, than they do to us.

We have been rather careful to get men who were what is

called in South America sympathetical, that is, who are sympathetic with the viewpoint and standpoint of the South American. He is a sensitive sort of chap and his feelings are often injured, although not intentionally, by the American who feels it is necessary to get down to business the moment the door is opened and get it over as quickly as possible. Those things have lost sales a good many times. We must know the psychology of the man to whom we go. It is a fact that many an order has been placed with a friend at a higher price when that order could have been placed somewhere else, not with an enemy but with a stranger, at a lower price.

I saw a case of that in Cuba that was most astonishing. I went with our own manager across the street to make a friendly call on a large customer. While we were there a fourth man came in who represented a cement plant in Cuba, which was in need of a piece of belt. That cement plant man, an engineer who was going to buy it, knew he could come to us and buy that belt direct. That is what we were there for, but he was a very particular friend of this other customer of ours and he, therefore, chose to buy the belt through this other customer who, in turn, bought it of us, knowing that he was paying the difference. Now he chose to do that from motives of friendship for this third party. That is not uncommon. We find some difficulty in understanding that because we are accustomed to considering the business aspect of the sale as the only aspect, but that is done and it is done frequently.

Other countries have other customs that are equally dear to them, so it seems to me that just a word of caution on the other side may not be amiss, because the man who goes with ever so good a knowledge of our industry but has no knowledge of the customs of the people, no knowledge of the language, has got to overcome that handicap sooner or later. I dare say that the initial trip would be in order with a man not better equipped in those respects. Of course every man has to go his first trip and learn the language and that sort of thing. All I want to do, conceding that we are speaking our minds for the common good, is to present that other side of it lest some of us might feel that the qualifications of language, knowledge of people and the like are not at all essential. Thank you. (Applause.)

CHAIRMAN SMITH: The next subject for discussion is "Sales Methods Under Adverse Exchange." Mr. P. S. Steenstrup of the

General Motors Export Company who prepared this paper is not here and it will be read by Mr. C. I. McReynolds, Assistant Manager of the Foreign Trade Department of the General Motors Acceptance Corporation of New York City.

MR. C. I. McREYNOLDS: Mr. Chairman and Delegates of the Convention: I am sure, as I have had the pleasure of meeting a great many of the friends of Mr. Steenstrup, that we all of us regret that Mr. Steenstrup cannot have the privilege of himself presenting his paper, but I know that he prizes more highly than that privilege, the privilege that he might have and desired to have of meeting and associating with delegates and people of our own kind who have come together from all parts of the world to contribute what they could to the solution of the problems we have before us to-day.

CARRYING ON DIRECT EXPORT BUSINESS UNDER ADVERSE EXCHANGE CONDITIONS

By P. S. STEENSTRUP

General Manager, General Motors Export Co.

America's export trade, which was very substantial when the war started, increased steadily during the war period, mounting to an unprecedented figure shortly before the armistice, is now slowly but appreciably dwindling largely as a result of the high premium on the dollar in many foreign countries.

Organizations interested in export trade have tried various expedients to stem the tide of decreasing trade and recently when it became evident that sterling was about to fall below four dollars, some of the larger exporters were able to peg the exchange, and thus protect purchasers of their goods for a considerable forward period. But obviously this was only a temporary expedient. Fortunately, the pound seems to have definitely and permanently recovered from the low of three dollars and nineteen cents, and is now hovering around four dollars with every prospect of steadily, if slowly, regaining its par value.

While, unquestionably, trade of a certain character, which includes articles most urgently needed by Britain and her Colonies and which normally cost about the same if manufactured overseas

or laid down there from an American port, is affected by the present premium on the dollar of 23%, these markets may be considered still open to the sale of essential staples, and raw materials.

The franc, which a year ago had dropped only 13% in value in terms of United States currency, has now so greatly depreciated that the French importer must pay nearly three dollars for a dollar's worth of American goods, in addition to a very high duty. Cancellations of orders for certain goods must be expected under these conditions, although that country's great need for machinery, clothing and foods ensures a considerable trade with France in these articles.

Even under the tremendous handicap of a drop of nearly 75% in the value of the lire, the United States still dominates the import markets of Italy for cotton, cereals and meat products and other food stuffs and raw materials. Behind an embargo on luxuries and on various manufactured products which can be produced locally, Italy is paving the way for her industrial regeneration and the day when her own exports will assist in the recovery of the lire with a consequent expansion of America's opportunities for doing business with her.

The media of exchange of the major Allied countries, however, have suffered but little in comparison with those of the Central Powers, of the Balkan Powers and of the newly liberated states along the Baltic and Black Seas. There is little need to speak in percentages when pointing to the decline in the mark from nearly twenty-four cents to less than two cents; to the drop of the Austrian crown from about twenty cents to about half a cent; or to the fall of the Czecho Slovakian crown from about twenty cents to about two cents. Perhaps we may not enter into close trade relations as yet with our late enemies, but there still remains those other new entities for whose existence we are in a broad sense responsible. Our own best interests demand that we aid these struggling nations to win their way back to economic prosperity.

In the face of such tremendous exchange barriers it is absolutely impossible for these countries to procure for themselves, through the ordinary methods of financing purchases from abroad, those articles which are essential to the upbuilding of their own industries. And, until they are able, not only to produce goods sufficient for their own needs, but also for export, this premium on the dollar will remain, and exclude the United States from the

company of those who will eventually have a large share in the foreign trade of these potentially prosperous countries. For it is certain that through some means, from some one, they will get those articles vitally needer for the development of their commercial life.

What is the remedy? It is evident that this problem cannot be solved by the mere granting of long-time credits, were individual manufacturers able to or willing to extend them. The truth of the matter is that these countries cannot buy what they need from us rate prohibiting all payments in cash or credit.

There is but one answer: If we want a permanent export trade with these countries; if we want to have the exchange situation ultimately and within a reasonable time adjusted so that payments may again be made on a gold basis, then let us come to the assistance of these countries in a practical way—let us make direct exchanges of our goods for theirs, of our manufactured products for their raw materials and vice versa. In other words, let us, as individual manufacturers and exporters, assure ourselves of a friendly, lasting and profitable market for our goods by arranging through barter to supply the articles for which they have immediate need.

Before entering into the details of this plan of barter, let us consider one of the Central European countries typical of the rest, and determine whether it is now and will continue to be territory with which we shall be glad to have commercial relations, whether its present size and resources warrant our attention and whether it requires articles which we can supply at this time. Also let us ascertain if this country has available for export materials which can be definitely graded and valued for sale delivered at an American port.

Let us consider the case of Czecho Slovakia. The present Czecho Slovakia includes within its boundaries the former Austrian crownlands of Bohemia and Moravia, Slovakia and several other small strips of territory formerly belonging to Hungary. The population numbers about 12,000,000 and the Czechs have, as a guarantee of their ultimate prosperity, more than two-thirds of the manufacturing industries that once belonged to Austria. The country has 3,500,000 spindles and 130,000 looms in her cotton weaving factories and needs 700,000 bales of cotton a year to operate at a capacity. It has in addition a million spindles and 30,000 looms

in the woolen industries besides large jute and flax mills. At present, there is an embargo on the importation of all classes of textiles, because of the enforced idleness of the domestic factories.

In addition to the textiles available for export, Czecho Slovakia is an extensive manufacturer of glass, having 116 plants in operation. It is also a large producer of beet sugar, having available for export about 300,000 tons yearly. It can also export much lumber.

Among the goods at present urgently required in Czecho Slovakia are chemicals, sheet iron, leather, metal working and electrical machines, drugs, motor trucks, tires, lubricating oils and surgical instruments. Raw materials of various kinds are needed for the carrying on of her manufacturing industries. As in practically every country of the world of any importance the subject of transportation is one of the items of primary importance if the nation is to prosper, inadequate railway facilities is the common cry and the motor truck, therefore, is by no means one of the minor wants of the Czechs. They can hope to obtain none within a reasonable time except from the United States. We will now consider the mechanics of supplying Czecho Slovakia with trucks, the exchange rate prohibiting all payments in cash or credit.

An American truck manufacturer, let us say, has wisely allotted, in the face of an overwhelming home demand, a certain percentage of his output for overseas sales, in order that he may build up a lasting export trade which can be depended upon to take care of a fixed share of his product each year. In spite of the seemingly impassable barrier of the exchange rates, he determined to try direct bartering with Czecho Slovakia. His first act is to send to that country a representative fully conversant with his line and able to make practical suggestions for the use of his product. He sends with him a man well versed in commodities who has studied particularly the American market for the products which the Czechs have available for export. A less expensive and perhaps, in some cases, as efficient a method, would be to send only the sales representative, depending upon a skilled local man to value articles, the representative having previously informed himself regarding New York prices of such staples as are likely to be offered in trade.

Arriving in Prague, the truck man will investigate the market for motorized transportation and determine upon one or more organizations to serve as distributors, basing his selections on the firms' financial strength and business standing, as well as willing-

ness to open and properly conduct an efficient service station for the trucks. When it appears certain that a fixed number of trucks can be disposed of, the sales representative consults with the commodities man, who has been searching out those local products capable of being graded and commercially priced for delivery in New York.

The figure representing the number of trucks for which an immediate market exists can then be scaled down to a quantity representing those for which the present supply of the raw material or manufactured product selected for exchange can pay. An order is then placed for the trucks, which upon receipt is held by the manufacturer's representatives until delivery is made of the local articles which may be beet seed, pig bristles, chemicals, ores, or manufactured goods such as fancy glass ware or textiles. In computing the terms of the barter, the shipping facilities and cost of transportation overseas would necessarily be considered. It is understood, of course, that only those articles be taken in exchange for which there would be a ready market in the United States so that the money of the American firm would be tied up for the least possible time.

That this plan of direct barter is not an impractical theory is shown by the fact that it is being practised right now by France, Italy and Switzerland with Czecho Slovakia. These countries are exchanging such articles as they have which the Czechs urgently need, for whatever the latter may have available for export. At one time they had accepted the Czech crown in payment, but later seeing its tendency to depreciate, they unloaded their millions in the Swiss market. Realizing that barter is the only possible method of trading at present with the Czechs, they have made arrangements along the same lines as outlined above and are not only rendering a much needed service to Czecho Slovakia, but are laying the foundation for a profitable and permanent trade, based on mutual confidence and good will.

As exchange approaches normal, barter will gradually decrease but the countries which have been aiding Czecho Slovakia, Finland, Poland, Esthonia, Roumania and similarly situated lands when they need it most, may hope to retain these markets. While the three European countries mentioned—France, Italy and Switzerland—have been supplying what articles they can, there remain many for which the new nations must look to the United States. Surely the

American business man, with his hard won reputation for selling under adverse conditions, will not flinch from adjusting his sales policies and in a limited way, his organization, to meet this crisis in world trade. (Applause.)

CHAIRMAN SMITH: Mr. L. R. Cofer, Vice-President and Foreign Exchange Manager of the Wells-Fargo Nevada National Bank of San Francisco, will discuss this very able paper which has just been read.

MR. L. R. COFER: I am sorry I did not have more of an opportunity to prepare a satisfactory denial or criticism of the suggestion of general barter, because that is something that has been mentioned many times since the exchanges gradually went off and became so bad for the export of merchandise of the United States. I might say before starting that this has been tried to some extent with Russia and has not been found satisfactory.

Carrying direct export business under adverse exchange conditions is certainly a problem, especially if we understand the adverse exchanges as due to the enormous inflation of the currencies of the countries and also to the fact that the currency at present used by the various countries is not the previous gold medium that prevailed before the war. In other words, we can only have one medium of exchange. There must be something that is a basis, and if there is nothing to go by, you certainly cannot have any even exchange between countries.

Exchange and barter: Exchange is really the medium of adjusting the result of trading or bartering, and is not something independent. The suggestion of a motor concern going over to Czecho Slovakia or any other country and attempting to buy up enough produce to cover their sales I do not think would be practical, because the commodities they have for sale have a value and a large value in the countries where they are produced. They have a large value in their own currency. It is only in comparison with our gold currency that they show that depreciation.

In other words, if a pound of glass—I don't know just how it is sold—was offered before the war at a dollar, it is worth three or four at the present time. If they have their commodity to sell, they could sell it for more than they could have before the war. The values have increased.

But I don't think that the idea is wholly a bad one. I have

always felt it would be a great benefit if American interests would combine and form a foreign corporation to go over there under American control and backed by American capital, and perhaps make it possible for the assembling of these cargoes that they have ready to come to New York; or if they are able, they might, by their co-operation, assemble them themselves and there would be a way found for them to come over, and the basis of trade would be decided. It could only be in one way, and that would have to be on the gold dollar.

While this motor concern might go over and offer to buy this stuff in a certain medium, these people would figure out that it had a value and the adjustment would hardly be satisfactory.

I noticed in the beginning of the paper it said that some of the manufacturers had already pegged exchange to about four dollars and had done some business. I don't understand how they were able to do that, but I know some of them extended a line of credit on that basis. They said, "We will trade now on a basis of four dollars a pound and later we will have an adjustment." It is really a part-payment, and the balance on credit.

I really believe that the idea of co-operation and extension of credit will have to be given a great deal of consideration on the part of the large exporters in this country. As a banker, and one who feels that our own resources should be husbanded to a great extent, I cannot help but recognize the point that has been brought out that if we don't give some aid to the people that are demanding our products, they are either going to go without them and not be able to get on their feet as quickly as they would, or else they will seek places elsewhere.

I don't think a great deal of benefit would be obtained by straight loans to them. Greater results would be obtained if they would organize companies among themselves or furnish capital for it, and send over a representation to start a factory, we will say.

The trouble is, as all of the gentlemen who have talked before at the meetings have pointed out, it is not a question of helping the people who are working their heads off and have things ready to ship out; but those people have not produced. They have to be started in the right direction; and if the markets warrant it, it would seem to me possible for American organization to go in and give them a start. It would not be as expensive a method as to

attempt to loan them the sums that would be squandered to a great extent. (Applause.)

MR. McREYNOLDS: This paper that Mr. Steenstrup prepared is from an individual slant. It relates to a problem that concerns more the transportation manufacturers than others. The reason that transportation is being furnished to some of these countries in Europe which must either rebuild or be put on a sound footing as nations, is because transportation must be had as the first requisite to allow these people to go to work. That is why manufacturers dealing in transportation have had to find a way as an expedient only. It isn't sound economically; it isn't to be justified on a business basis, but simply a temporary problem that had to be met. It was met by this method of bartering and these people are getting transportation in Poland, Roumania and Czecho Slovakia just as they got it in Belgium before they had a definite way of paying us. As soon as that method of barter can be superseded by some stable method, then it will displace itself. We had to do it because we were compelled to do it on account of, you might say, the white man's burden. We didn't lose any money. We are not trying to take any particular credit. It is a temporary thing and is going to lead to the thing that was mentioned, that is an association or corporation that will bring together interests enough so as to put this proposition of barter on a business basis.

MR. F. R. TODD (Deere & Co., Moline): I would like to relate a little incident of the difficulties of this barter business that has been referred to. A certain concern in New York made an arrangement to barter commodities for an amount of beans from the Island of Madagascar. Through a lack of knowledge of the time when the bean crop matured and of the fact that the particular season was late, they got the boat over there to bring the beans back a month sooner than the crop was ready. The boat laid there for a month loaded up with beans, ran out of provisions about two weeks out of New York, lived during that time upon the cargo, and the concern lost \$100,000 on the deal. (Laughter.)

If you gentlemen will permit, I would like to describe two incidents of our own business experience which leads to one conclusion which I would like to make for the benefit of this assembly. In Canada we have our own sales organization. We have been accumulating for some two years large amounts of money in the banks of

that country, some of which has been invested in Canadian bonds to furnish us a source of income; and we refrained from bringing that money back when the exchange rate was as low as two per cent. This last fall, realizing that we could no longer carry the burden, we brought the money back upon an average exchange basis of about seven and one-half per cent. We were fortunate in doing that because within a very short time exchange had gone up to fifteen or eighteen per cent.

We had an experience about the same time in France where a customer with whom we had been doing business for upwards of forty years and who was thoroughly responsible financially, made up his mind that at the going rate of exchange it was impossible for him to continue to market our goods. Consequently we made an arrangement whereby we extended him from one to two years of credit upon the basis that he should deposit his note in the Guaranty Trust Company branch in Paris and put up as security for that note French Government Bonds upon the basis of eight francs to the dollar. That gentleman went out and sold the goods covered by this extension of credit upon that basis and in all human probability, when the time comes to discharge that obligation, he will have to pay materially more for exchange than if he had paid us at the time.

This simply leads to the one inevitable conclusion that there is no artificial way of stemming this adverse exchange situation, that the only practical thing for the American business man to do in such territories as Canada, as in our case, if you please, where we have our own sales organization, is to add the exchange rate to the price of your goods and bring your money back when you get it.

In the case of such countries as France, where we sell for the whole country to representatives over there, in justice to that representative we should ask him to pay upon the basis of exchange when the bill matures, and when the time comes that the economic situation is such that under those conditions you can't do business in these foreign countries, then stop right there, because you make a bad situation worse by temporizing and extending the credit into the future. (Applause.)

CHAIRMAN SMITH: I understand that Mr. Zeamer, Export Manager of the Chas. A. Schieren Company of New York City,

has had some experience in the barter proposition with Russia, and if he will give us a few words, we will appreciate it.

MR. JAY ZEAMER: I don't believe we have had any dealings with Russia; it was Denmark. We thoroughly agree with what Mr. Todd said. We believe in getting our money at the fixed rate of exchange when the bill matures; otherwise, you don't know what you are doing. If you leave your money in the country, you are locking up your capital little by little until you get so much locked up you will have to increase the capitalization of your company. Otherwise, there is no sound or solid solution to it and I really think that a great deal of our rising costs of living or rising costs of all commodities resulting from the ever-increasing capitalization of the companies and corporations in the United States, has originated from exportation of goods and the locking up of capital due to the large and long extensions of credit. (Applause.)

CHAIRMAN SMITH: At the luncheon I was very much impressed with some of the statements that were made by Mr. Pigott relative to the fundamentals necessary in a salesman introducing goods in foreign countries. I have done a good deal of traveling in foreign countries myself, countries where I never knew a word of the language, and I never found it difficult to get around. If Mr. Pigott could give us some further views he may have on the subject of direct selling, we would appreciate it.

MR. WM. PIGOTT (Pacific Car & Foundry Co., Seattle): I would like to say a word in response to Mr. Todd. Not for the purpose of disputing his ideas, but for the sake of information. In regard to the exchange: I tell you the way I handled it up in Seattle. We built railroad cars. Quite a little of our business is over in British Columbia. The exchange has been as high as twelve per cent. Now there came times when our agent over on the other side would say, "Your price is too high. Our price plus the exchange makes this sale prohibitive and I cannot make the sale." I handled it in this way: Where the exchange was seven and a half per cent., and the profit on the article that we had for sale was fifteen, I compromised it in order to make the sale. I said to our agent over there, "You go and tell our customer that we will divide the exchange with him." Where that did not bring the sale I absorbed the exchange entirely. I had a fifteen per cent profit on my goods, paid seven and a half per cent for the exchange in favor of the

merchant on the other side, and still sold the merchandise at a profit of seven and a half per cent.

I don't know whether that is good business or not, but I believe that where your factories are not running full time, where you need the business and where you are getting a profit on it anyhow, much more than the exchange represented, it might increase your business a good deal, that is, business that you want and need, by compromising and deducting from your costs just about what the other fellow has to pay for exchange. That is only a thought that came to me roughly. I don't know that that is good business, but I have been pursuing that policy and I have instructed our agent on the other side to waive the exchange and take care of it. From my standpoint, it is good business.

Now, gentlemen, I assume that you are all very much interested in the development of foreign trade, and I think I can read your minds for some time back, it may be six months or a year or two, or five; but you have been wondering whether or not you were not missing something over in China, Japan, South or Central America, and whether or not there was not some business over there that you could get.

I am going to make this suggestion: If that is the condition of your mind, if you believe there is business in any section of the world that you can get at a profit, there is only one way to approach that, and that is for the principal of the business—I mean the head of the business—or one of the partners—to go down to the dock and buy a ticket for China, Japan, Russia, Cuba or wherever he thinks there is some business, and make the trip himself. Go and investigate the thing personally and you will learn more about the possibilities of your own business in that particular country in sixty or ninety days than you will in ten years of academic discussion at these conventions or any other convention. (Applause.)

It doesn't take very much time. I can go down here and get on a boat to-morrow and I can investigate the possibilities of my business all over the Orient and be back in America in sixty or ninety days.

What is the expense? The expense of a trip to the Orient to investigate this business is just about what it costs you to operate your high-powered automobile for six months. Just think of that! And still you will sit back and wonder whether or not there is any business over there and you will come to all of these meetings,

spend thousands of dollars and give up your time trying to find out. You get second- and third-hand information on subjects that you can get by taking off sixty days and spending that little bit of money.

There is another benefit that comes from a trip of this kind. In the first place, you learn the conditions of the country. You see the man you are going to do business with and he sees you, and you can form a better opinion of what the possibilities are than you can in any other way, and you will have it first-handed. You gentlemen who have been successful in business will be able to analyze and find out whether or not it is worth your while to seek trade in that country, and that is worth something. It is as necessary for you to know what you can't do as what you can do.

If you determine that there is some field in that particular country for your merchandise, then you can come back and select a young man from your organization to go over there. When you are doing that, don't select your brother-in-law because your wife would like to have her brother make a trip over there. Look over your organization and select a man that has exhibited good, common sense and judgment in your business. Send him over there and see what he can do. After he has made his preliminary reports and you have decided that there is a field for your products over there, then you want to select a permanent representative.

If possible, don't select a man with a family. I find that a man who has a wife and three or four children is not the best kind of a representative to put in a foreign country for this reason. It is hard to get away from this American flag and its conditions and environments and living conditions. Educational conditions are different in those countries and a man is doing his family an injustice in a good many ways in picking them up bodily and taking them over there.

I always advocate as a representative abroad either a single man who never had a home and never expects to have one, or a man with a wife and no children. The single man goes over there, settles down in the country and gets along all right. He makes that his home because it matters not under which flag he is. If you can't select that kind of a man, send a man with a wife but no children. If you think your business will sustain an office over there, that is the thing to do. A man is better off with his wife if he is going to locate permanently. I have sent men to the Orient who

left their wives in Seattle and you ought to see the scenes at the dock when the ship pulled out. Then if she didn't get a cable from that man within a few hours after the ship left the city of Seattle, she was down at the office the next day wondering what had happened to Fred. You have to look at this thing in a businesslike way. That, to my mind, is the A B C of this business, to go and find out.

One big advantage in direct selling and representation is the fact that you cut out about ten or fifteen profits. At the same time you are dealing direct with your customer. One of the things that gives us a black eye in the Orient is the fact that by the time our goods reach the ultimate consumer, there has been about four hundred dollars' worth of profits tacked on.

Just one thought in regard to the remarks I made this noon when I spoke of the necessity of the foreign language in China being secondary. I was figuratively speaking, and I was trying to impress this thought. That in all the literature that you read on this subject of trade with China, they just touch the higher mathematics of the thing. They confine themselves to language, customs, habits, this, that and the other, and they absolutely neglect the real essentials of salesmanship, that is, knowing your goods, knowing and observing good, first-class American methods of sale by application, by energy and by fair dealing.

I had a Chinaman from Hongkong send me an order for twenty-five passenger cars and never ask the price. Last week we got a wire from a Chinese dealer in Hongkong saying, "I want to buy more steel. Please wire me whether you think this is a good time to buy or not." Now that is a pretty hard problem to put up to a seller.

You can build up your business over there. First go and investigate it yourself. You don't have to study all this stuff. You take an American and by the time he gets on a boat and gets to Shanghai he has discussed this matter with the other salesmen and if he is a good, intelligent, level-headed American salesman, after he sits around over there for a while he will know what courtesies to extend, he will know how to handle the business and he will learn it all in a short time, but for heaven's sake, the quickest, the cheapest way you can find out what you can do is to go and see it first-handed. (Applause.)

CHAIRMAN SMITH: The time has about expired, but I cannot refrain from giving you a little story that may be of interest to you men who are going into the export business about the benefits of direct selling and the fallacy in appointing foreigners to represent you.

In 1908 our Board of Directors decided that I was to go abroad and cultivate foreign markets. I think the reason they picked me out was because I was such a pessimist on foreign trade.

The first thing I did when I got to London was to consult with the managing director of one of the most prominent of all the American industries, a concern that has made a world reputation on what they have done in foreign trade and at that time probably the largest organization in America engaged in foreign trade.

This gentleman whom I knew very well when he was a resident of Cincinnati, advised me against attempting to create markets through American salesmen, the experience of that corporation having been that the American salesman with his vim and push was antagonistic to the ideas of the British buyers. Acting on his suggestion, I adopted a policy of creating agencies.

There was a concern in England who had represented some of the constituent companies that had become a part of our organization for probably fifteen years. I went to this concern and said to them, "We are prepared to make an arrangement with you provided you will pursue the necessary investigations to inform yourself on the functions of our machines and the operation through the sending of your representatives back to the United States at intervals, to study the operation of our line." This they agreed to do.

Up to 1914 that organization was the best agency we had in any of the foreign countries. Our line was competing with a large number of English lines, but they built up a very satisfactory line of business. In 1914 they did a business equivalent to about fifty or sixty per cent. of the business they had been doing prior to that time.

In the meantime, as a great deal of our machinery was bulky and, therefore, carried an excessive ocean charge based on cubic measurement, we suggested to them in order to carry our specialized lines, that we would furnish them with pattern drawings to enable them to manufacture these machines and give them a general line of products. They, in that way, got in to the manufactur-

ing line to a limited extent. Later on there was one of our friends who came to us and asked about a firm in England who were able to produce and would protect their patents. We recommended this firm to them. This extended the ramifications of their manufacture and provided them with a profitable line of manufacture as the payments were on a royalty basis.

During the years succeeding 1914, their business came down until it was practically nil in the latter days of the war. At the same time I knew one of our competitors who maintained his own selling organization in London and was shipping great quantities of goods. Last spring I went over to investigate the thing and see what the prospects were for the rehabilitation of European business. When I got to London I went to see our competitor and he made a statement as to the amount of business they had been doing since the war. The American Army had needed great quantities of machinery and they were unable to get prices from our British agent. Our competitor had sold them tremendous quantities of laundry machinery.

I went to our agent and said, "What is the reason that our business has fallen off and our competitor's has grown?" The answer was our utter inability to secure Admiralty permits for cargo space. I said, "How can the other concern get them?" The answer was that they had nothing else to engage their attention, that they had to have it or go out of business.

That was the keynote. They had their own individual interests which had been created through our suggestion, and they had those interests where they could produce their own product for the supplying of some of the needs for the British and American armies, and our interests were secondary. That led me to the thought that hereafter we must have an organization in Europe capable of looking after our interests and having in view our interests only. Consequently, I notified this concern on the six months notice that was provided in their contract, that we would cancel the contract. They have been over twice since seeking to get us to change that viewpoint. They wanted to rehabilitate themselves in our confidence.

That was a concern we had done business with individually, since 1908 and primarily for over a quarter of a century, who, at the time the question came, "Shall we continue to loyally support this concern on whose agency our business was founded, or shall

we pursue our own selfish interests for the moment?" pursued their selfish interests; and you will find that to be the case in ninety-five per cent of the instances where you select agencies in foreign countries.

If we want to create a foreign business, we have to put men over there of character, men whose presence conveys the idea that they represent a real organization.

In my experience in the past with South America and other countries, I have found that a great many American houses are misrepresented. Then send men that are known as remittance men, men that are connected with their families or who have disgraced relationships, and they spend the largest part of their time around the clubs drinking.

If you want to send men to foreign countries, send the best you have. Send a man on whose character you can depend, and you will get results.

Our company has entirely changed its policy. We are not going to have agencies, we are going to put our own direct men in there to represent us and they are going to be men that we can stake our reputation on.

It is now time to adjourn.

ADJOURNMENT.

GROUP SIX
BANKING SERVICE TO FOREIGN TRADE
Thursday, May 13, 2:30 P. M.
Civic Auditorium

The session convened at 2:30 P. M., Mr. John J. Arnold, Bank of Italy, San Francisco, presiding.

CHAIRMAN ARNOLD: Banking systems throughout the world have been developed usually along the line of the system of government prevailing in the nations concerned. Of course, the old world for a long time was entirely despotic. Under a despotic system of government, everything is built from the top down. You have your centralized power and that power has authority to develop the units downward; and in the European systems they have also developed the banking systems along the same line.

Large institutions located in the larger centers of commerce and industry have radiated force and power throughout the nations through the establishment of branches; and so we find in England a comparatively few banking institutions. The same applies to Germany and France, and applies practically to every European country. The result has been that the men who are put in charge of the branches have been trained in the head institutions and these countries always have been international in their activities and any man trained in one of the larger banking institutions of Europe is trained always along the line of international finance. Consequently, even in the country community in which a branch of such a bank is located, the branch is usually in charge of a man who is trained to think along international lines in commerce and finance.

In our own country we are wedded to the principle of democracy, which is that you build from the bottom. You lay your foundation through the individual life of the people, and the powers that are given to centralized institutions are derived from those units as individuals. Our own banking system has been developed along similar lines. We have established individual banks, community

banks, where the capital is supplied largely by local people who are interested in the building up of their community in which they live. That has been the primary function of an American bank—to serve the community.

Of course, as the interests have developed and reached out, we have had to train ourselves to think along the line of community interests, that is, inter-community interests; and the local banks have developed a system whereby they take care of the financing that reached out beyond the immediate community in which they are located. But this has resulted in what might be called an uneducated banking personnel. When I speak of uneducated, I am thinking internationally.

Our banking institutions in the country communities have had very little to do with the development of foreign trade. As a result of the great world war, we have been forced into activities that reach out into other countries, even the smaller communities, and to-day we find ourselves in a position where in many cases the local banking institutions are entirely at sea when it comes to a question of taking care of their international transactions.

This meeting this afternoon is arranged primarily for the purpose of considering these very problems. There is no question, I think, that you have gotten some help from the meetings that have been held so far in this convention. There is no question but what we are now in a position where we must assume responsibilities such as we have never assumed before, and this reaches right down into the local communities in many instances.

The council has thought it best to select speakers for this gathering who are not directly in banking activities, but men who stand on the outside of the banking fraternity, who have studied these movements in our national life and who probably are in a position to bring to us a viewpoint which the banker himself does not possess. There may be criticisms of the banking fraternity, but we know from the calibre of the men who are on the program, that such criticisms will be constructive and that is just what those of us who are in the banking world desire.

I cannot tell you how pleased I am to have the privilege to introduce to you as our first speaker a man whom I personally admire and whom I have learned to love because of his broad vision and his intimate knowledge of conditions. He writes constantly on international questions of finance, and he is going to bring to

us a message this afternoon that I am sure will be illuminating, inspiring and helpful.

I want to introduce to you Dr. W. E. Aughinbaugh, who will speak to us on the subject, "Foreign Trade Promotion Through the Banks."

FOREIGN TRADE PROMOTION THROUGH THE BANKS

By W. E. AUGHINBAUGH, LL.B., LL.M., M.D.,

Professor of Foreign Trade New York University, and Foreign and Export Editor, *New York Commercial*.

Fate has decreed that the people of the United States must become foreign traders, but the inhabitants of this country have been more or less indifferent to the verdict. Instead of accepting it as an omen of prosperity and plenty, we have not made any determined or studied effort to cater to the markets which are willing and anxious to do business with us. This statement is made after more than twenty years' practical experience in foreign trade, during which time I have lived outside of the United States almost the entire period, engaged in studying overseas trade and in marketing American goods, coupled with a close consideration of the attitude of our large and small bankers and business men during the past five years.

I believe that I am warranted in asserting generically that foreign trade properly developed will benefit every man, woman and child, in the nation. To properly develop foreign trade there must be coöperation—coöperation between the people and the government—coöperation between the business men and the universities giving foreign trade courses—coöperation between the banks in metropolitan districts and urban localities—coöperation between the country banker and the small manufacturer in the villages and hamlets of the land. While books might be written on each phase of this subject showing wherein there has been a woeful lack of coöperation on the part of everybody concerned, I shall confine my remarks exclusively to a study of the assistance which the country banker can give to the manufacturer and producer in his community in coöperation with the large banks located in the big trading centers of the nation.

The farmer is as much interested in foreign trade to-day as the

manufacturer. Much of the fruits, cereals and meats, grown on his farm ultimately find their way to overseas markets. It is a common occurrence, so Secretary of Commerce Alexander and Ex-Secretary Redfield tell me, for committees of farmers from State Granges and local rural communities to call at the Department of Commerce for information regarding prices and conditions in foreign markets, something never before heard of in the Capital, but the result of the creation of foreign demands for American agricultural products.

It has been stated that fully 50 per cent. of the manufactured goods, that go to buyers outside of the United States, are produced in towns having a population of 50,000 or less. This proportion will undoubtedly grow larger as our working classes find that they can own their own homes and live better and more economically in small communities, and as the capitalists and captains of industry awaken to the fact that there is among the masses a tendency to leave overcrowded cities and seek a livelihood in smaller towns. The further fact that there is less labor unrest in small cities and a better type of worker to be had for the wages paid, is also aiding materially in this movement. We have daily demonstrations of the truth of this assertion, and the indications are that this condition will increase very much as the standard of living of the workers is raised.

This means that the banker in the small town as well as the country banker is destined to play a far more important rôle in foreign trade than was ever contemplated. But to do his share in the conquering of foreign markets he must awaken from the lethargic state in which he has been in the habit of existing for years past, and prepare himself for the really big job that is to be his portion of the work. He must learn to coöperate with his depositors and with the producers in his neighborhood and work in conjunction with the large bank with which his institution is affiliated. He should so prepare himself for the great task ahead of him that he will be able to answer any question dealing with foreign trade,—be in fact a complete encyclopedia of foreign trade. While much of the preliminary work to be done by the rural banker must necessarily be of the missionary type, yet the time will come when the financial returns incident to the transactions in which his bank will take part, will add materially to the profit side of the ledger of his concern. In other words, the service which he will render those seeking information will bring business to his bank, which would

otherwise be lost to it or would go elsewhere. The country banker will thus expand his sphere of usefulness to his community and increase the wealth of his locality. Instead of dealing exclusively in farm mortgages and local securities, his interests will also extend to foreign fields and take on a broader aspect.

Let me give a concrete example of wherein the ignorance of the country banker almost cost a small manufacturer considerable foreign business. It will help illustrate my point better than anything else. In a town of about 4,000 inhabitants in Iowa there is a manufacturer of automobile accessories, employing three hands. His invested capital is very small and must be quickly turned over to keep the business going. The local banker willingly aids the manufacturer in doing his business within the confines of the United States. Stimulated by the foreign trade wave sweeping over the country, this small producer was induced to contract for a limited amount of advertising in two export journals, which led to inquiries from Hong Kong and Guatemala City. As a result, a sample of the automobile accessory was sent to the Chinese and to the Latin-American merchants, tested and found suitable for their respective localities. In due time the Iowa manufacturer was the recipient in the same week of an order from the Hong Kong merchant for \$1,800 worth of his article and from the Guatemala City buyer for \$700 worth of his goods, with instructions to make sight draft against bills of lading. Elated with the success attendant upon his export advertising, the local manufacturer showed his orders to several friends, none of whom could enlighten him as to just how he might pack his goods for export, how or to what port in this country he might ship them for forwarding to the consignees, or—most important of all—how he might get his money as soon as the goods were ready.

This town boasts of two country banks, each one of which considers itself up-to-date. Yet neither one of them when consulted by the holder of the orders was in a position to throw any light on the problem presented for solution. They could not even tell if the overseas merchants were reliable, although an ordinary commercial report would show that both were eminently respectable and financially responsible. In fact the heads of both of these institutions advised their fellow townsman to "cut out foreign trade as it meant trouble and long credits," and suggested the advisability of "Americans sticking to American markets." Briefly, here was an American manufacturer anxious for foreign trade, with two

bona fide and profitable orders for goods, unable to fill them or to receive aid from his bankers in financing the transaction,—an obvious lack of coöperation from a source where coöperation should be most expected and looked for.

The *New York Commercial*, of which I am one of the editors, offers a foreign trade service to Americans. By some means, the Iowa manufacturer had this brought to his attention, and he wrote us, with the result that we coöperated with him, instructed him as to the packing and shipping of his goods, and placed him in touch with a commission agent in San Francisco, who handled his shipment for Hong Kong, and another in New Orleans, who forwarded his invoice to Guatemala City, both of whom paid cash on presentation of documents. From the Guatemalan dealer, I have since been advised, the manufacturer has received a repeat order for goods.

For a manufacturer of coffin and casket hardware, located in a little Ohio town, a similar service was rendered which has netted him a large trade in Brazil, Venezuela, Colombia, and other Latin-American nations. The experience of this man with his local banker was almost identical with the Iowa manufacturer.

I have had to deal with hundreds of such cases and am sure that I am within the bounds of veracity when I state that these occurrences are duplicated daily throughout the United States in hundreds of rural communities, resulting in enormous financial losses to our small producers. Not only does it close markets to them, but it causes them to lose interest in the profitable possibilities which these verdant fields of trade offer and will continue to offer for years to come.

The only cure for this condition is the education of the small-town banker to the profits that a foreign market offers him and his bank through the handling of the financial end of the local manufacturers' transactions. This obviously could best be undertaken by the national government, but probably will not be.

I therefore suggest that the problem might be effectively and efficiently solved by a group of the large banks of the United States organizing a central foreign trade educational bureau under the control of a thoroughly qualified practical foreign trade expert. The duty of this bureau should be the education of the rural banker, by correspondence and also by other suitable means, in the ramifications of foreign trade, particular stress being laid upon the service that the country banker can render his clients and his neighbors.

Such an educational campaign might be accomplished in many ways.

I am a firm believer in the efficacy of the follow-up letter sent each week to each employee in the bank from the head official down to the lowest clerk and starting in at the very bottom of the foreign trade idea, gradually developing the theme to its limit. In addition to this, a periodical devoted to foreign trade should be published weekly and sent, not only to the banker, but to every depositor of the country banks, who might be interested in overseas trading. Current features of foreign trade should be given prominence, and a question and answer department would aid materially in helping the cause along.

From time to time certain localities in the United States could be studied by an expert; and the possibilities of this section getting into foreign trade, and profiting thereby, could be brought out. We might take up the State of Maine, as an example, showing that it is nearer European markets by three hundred miles than any other State in the Union; that it is capable of producing condensed milk in enormous quantities; that it has large supplies of timber; and leads the country in the quantities of fish which it salts and cures each year; and grows excellent potatoes adapted for shipping. The demand for these goods in Continental and Latin-American markets could be shown and the yearly consumption set forth, demonstrating by plain figures that there is always a lack in foreign markets of these necessities so plentiful in Maine. This would have a stimulating effect upon the local producers and lead them to inquire of their bankers as to how to enter these markets. There is not a State in the Union which could not be so treated, and interest created among its inhabitants for a share of this profitable trade.

In the same manner, foreign nations producing raw materials adapted for elaboration in our small factories could be played up, thereby acquainting the rural manufacturer with the source of supply, without which no one can manufacture intellectually at the present time.

The moving picture could be invoked and educational films sent throughout the country demonstrating in a practical manner the various steps in obtaining and filling orders, packing, shipping, and collecting.

This work might be undertaken by one large metropolitan bank or by a group of metropolitan banks operating from some central source. Obviously, as the seed took root and sprouted into a healthy

growth, the small-town banks and then the metropolitan banks in their turn would profit, due to the fact that they would be relied upon to handle the financial features of every foreign trading transaction that took place. The profits which would accrue to those concerned would exceed the cost. In fact the venture would be a profitable one from the first year of its existence.

I am aware of the fact that some few metropolitan banks are endeavoring to do something like work of this nature; but if we hope for success, the movement must be so broad as to take in every country bank as well as every worthwhile depositor in the country banks of the United States. And the entire campaign should be managed by men with practical experience in foreign trade and be started along kindergarten lines; for the ignorance in this country regarding this subject is appalling. Special courses in geography should be given along with the letters of instruction.

Before going into the further discussion of this paper, I would like to interject a thought here. In addition to being the Editor of the New York Commercial, I hold a chair of Foreign Trade at New York University. We have enormous classes there in foreign trading, drawn from men all over the United States. We require before a man graduates, that he agree to study one foreign language in addition to taking my course in foreign trading. When those men graduate, we feel that they are comparable to the medical student who has taken his examinations and is ready to embark upon his profession. He is far more able to do his work than the man who is taken in from the outside. One of our greatest difficulties, however, has been to get the business men of the United States to employ these men and to give them the opportunity they crave for, and a chance to demonstrate the fact that the University can help in foreign trade building.

This is a typical illustration. One of the biggest exporting houses in this country offered a man from my class, who graduated last year, speaking French, Spanish and English, passing his examinations excellently, the magnificent salary of \$12.00 a week. I told him to try it a while and he did for two weeks and came to me very much disgusted—he was going to throw it up because there was nothing in it for him. I managed to get him into the Chase National Bank at \$35.00 a week as a translator. That is one of the troubles we have had to contend with in this campaign

of education in our class of foreign trade in the New York University, one of the biggest universities in the country.

In that connection, I want to read some figures which I have obtained, which demonstrate that the farmer is as much concerned in export business as anybody else.

In 1913 the total value of merchandise exported from the United States was \$2,428,000,000. The American farmer is one of the greatest exporters, exporting crops, animal products, etc., to the value of \$1,123,000,000, or 46% of the entire exports of the United States. In 1918, the farmers exported farm products to the value of 39%; in 1919, the American farmers exported over \$3,585,000 worth of goods, or 45% of our total exports in 1919. The farmers shipped canned goods, fruits, vegetables, beef, meat products, fish, etc., to the extent of \$250,000,000—all from the farms and little communities in this country. In 1919, American farmers had a stake in foreign trading amounting to \$3,585,000,000. (Applause.)

CHAIRMAN ARNOLD: There was a time when university trained men were looked upon as being impractical in business life, possibly justly so. The tendency in recent years, however, has been, on the part of those in charge of our educational institutions, to make the education one of the most practical character, and I think you will agree with me that when universities turn out men who are familiar with their subject in a practical manner, such as Dr. Aughinbaugh is, we should not hesitate to make use of their product.

I believe that there is another phase in which the banks can be of great service, in addition to the university work.

When the European war broke out, some of us who are particularly interested in international commerce, realized the great lack of training along these lines. At that time, I was at the head of the foreign department of one of our Chicago banking institutions and was instrumental in inaugurating a system which worked wonderfully well until we ourselves entered the war. Then the material available vanished. I am suggesting this here for the benefit of any banker who may be here from the larger centers, as I believe that in connection with university work such an effort should be made general.

We wrote to every one of our country correspondents and told them that we were entering into a period of foreign trade

which should interest every banker in the country, and especially the banks located in manufacturing centers where products were being made fit for foreign markets. We invited our correspondent banks to send to our institution, for a stay of one, two or three months, according to their local conditions and needs, some man from that institution who could come into our department and we would give him an opportunity to go through from the bottom to the top in that time and would place our men at his disposal, giving him instruction and information with regard to the handling of international finance, especially in the financing of exports and imports as such.

The result was very satisfactory until we entered the war and then the young men of our country were called upon to go into the army and there was a great shortage of bank help. So the project then had to be given up. I believe that every banking institution in our country that has developed a foreign trade department could, and I believe should, render a service of that kind to the nation as a whole. Any country bank that has any interest whatsoever in foreign trade would profit greatly by such an undertaking.

I am merely suggesting this thought in the hope that we may be able to develop out of this discussion this afternoon some definite and practical recommendations.

The university work that is being done now along the line of training men for foreign trade work is certainly commendable. We are mighty glad to have men such as Dr. Aughinbaugh give some of their time to the education of young men along that line.

We are now to listen to an address on "Inland Banks and Foreign Trade," by Mr. W. C. Dunlap, Treasurer of the American Multigraph Company. I am sure he will have a message to give us that will be helpful.

INLAND BANKS AND FOREIGN TRADE

By W. C. DUNLAP

Vice-President, American Multigraph Co.

I speak only as one who uses the services of banks—not as a banker. My ideas are those of a customer who is sufficiently

interested in the banker to suggest other opportunities to him. Often the man outside is in position to do this. Often the man on the inside is apt to misunderstand such suggestions. Let us have no misunderstandings in this case. What I say is an honest effort to help.

Foreign trade depends, to a great extent, upon the banker—more so than upon any other single agency at the command of business. It is the banker who acts as the outpost of business, translating our business ways to the foreign buyer and translating the foreign buyer's ways to us. Commerce follows the flag, they say; yes, but the front ranks of commerce are the bankers.

This is a well recognized fact in British and German foreign trade circles; and those of us who have travelled abroad know and admire the thoroughness with which both of these nations have penetrated by means of their well ordered banking organizations;—so well ordered, in fact, that before American banks followed their example, we American business men did business through them, thus placing at the command of foreign competition the innermost facts of our business. No doubt this information has been used to our disadvantage but the lesson has been learned. Less than five years ago we began our banking invasion and to-day the globe is encircled by a most complete and thoroughly efficient system of American banking interests. Such progress merits great praise.

Our Federal Reserve Act gives our banking system the needed elasticity for dealing with the unusual business problems incident to Foreign Trade. However, except on the Atlantic and Pacific seaboards, and possibly in Chicago, we do not see much earnestness behind the application of banking service to the extension of Foreign Trade. This is the biggest thing I have to call to the attention of our Inland Bankers.

By "Inland Bankers" I mean those situated in industrial centers such as St. Louis, Pittsburgh, Detroit, Indianapolis, Cleveland, Buffalo, and other cities of similar rank and relative importance. Cities of this rank make up the greater portion of our manufacturing area and present the greatest possibilities from a foreign trade standpoint. To the bankers in cities of that class, I say—"Awaken to the responsibilities that are yours. Get into this foreign trade business in earnest. A foreign trade department can be made a most important department of your bank. Study the field around you and you will be amazed."

The president of a good-sized inland bank once said to me, "The only reason that would prompt my putting in a foreign trade department would be the advertising it would give us"—a woeful lack of vision that he has seen the fallacy of, because his bank has installed a foreign trade department that is not only an advertisement but a consistent money-maker. Fortunately he was convinced, before making the step, that a foreign trade department should be something more than a name on a door.

The American manufacturer in foreign trade is no longer a groping giant. He has opened his eyes to the opportunities and advantages of foreign business and has lined up his organization accordingly. Trade associations, governmental educational effort, and first-hand information have broadened the manufacturer to better carry his responsibilities. He is now wise to every step of the way—merchandising, advertising and distribution—and is proving a more able competitor to those who, until now, have held the field alone.

But the inland banker, instead of being in the front ranks, seems inclined to lag. He hasn't yet gotten the vision. He still shies from the responsibilities of a foreign department, preferring to pass such business to the bigger out-of-town banks who are specializing in the work. I don't condemn this sort of co-operation, but I do feel that the inland banker should be more than an agent. He should be a part of the machine.

There is no real, sane reason why a manufacturer should be compelled to do business through New York on every detail of his export business, yet that is the condition. New York is, and always will be, a big factor; but even New York would appreciate sharing the responsibility. The time has come for the inland banker to realize that his business is the same as all others—that the biggest thing he has to sell is service, and that at the present time his biggest service lies along the line of developing America's export business.

The banker should be in position to aid the man just breaking into the field and should also be able to advise the man who has never considered it. He should be organized to aid the experienced exporter as well as to give access to material that will aid the exporter in developing new fields. He need not conduct this research work independent of all other banks. The closer he works with the other banks the more efficient will be his service; but he should

at all times know as much as his most experienced customer and more than the beginner, which, I am sorry to say, is not always the case.

The time has come when the inland banker needs to take this foreign trade business seriously. He needs to regard it as an important function of his bank—not just a plaything for some bright young man who can't be used anywhere else. Recently, one of these “experts”—so called—was asked a question relative to the day's exchange quotation on a certain monetary unit. The figure quoted by him was in excess of the figure New York was quoting which, when called to his attention, elicited the remark: “Well, that's *our* figure!”

The position of Manager of the Foreign Department of a bank is no place for a youngster breaking in. The department should be headed by a man ranking as vice-president and should be treated as a regularly organized function of banking service. It isn't right for a bank to ask manufacturers to place their confidence and business prospects in the care of one whose experience has not been the sort to warrant responsibility. Foreign trade calls for one who must first be a master of domestic business. The problem is one that must be dealt with in all seriousness. Rather stay out of it altogether unless you are prepared to do it justice.

Certain inland banks are constantly considering foreign transactions in terms of their domestic business. For instance, they are not informed on the great difference between a foreign bill of exchange with documents attached and an ordinary domestic draft. In many cases, these domestic drafts are confused with what is called “a clean draft,” or one which is not accompanied by the documents against which a bill is drawn. Inland banks should not consider the discounting of foreign drafts for one of its customers as a part of this customer's regular line of credit. It is true that to all intents and purposes this means a loan, but to prove how wrong this conception of the transaction would be, a manufacturer can always sell his foreign draft to a foreign broker.

There are many ways of drawing bills of exchange and handling banking business that are absolutely unknown and unheard of in certain inland banking institutions. In placing this business in the hands of these institutions in the past, they had, of necessity, to write to their New York correspondents to secure further information, and in this way considerable delay was occasioned.

This is likewise true of credit information and other details in connection with foreign banking; and as a large percentage of foreign business is done on a basis of F. O. B. Steamer, New York, these charges are then for the account of the foreign customer and he must have documents before he can obtain possession of the goods. Directly traceable to such delays are the loss of customers by American manufacturers.

The delay incurred by the handling of documents thru the inland banks at times has, therefore, been a very serious proposition. The extra expenses involved thru unnecessary bank commissions in placing drafts thru inland banks, has been one of the difficulties that the manufacturer has met in doing business thru inland banks. These, in addition to the exasperating delay in the handling of shipping documents, have been the prime factors causing the manufacturers to divert their business to seaboard institutions.

The inland banker may be of great assistance in other ways of co-operation with the inland manufacturer. For example—as quoted by Mr. John E. Gardin, of the National City Bank of New York: “The American merchant desiring ultimately to export, can make proper arrangements with his banker, draw on time in anticipation of the actual export, using the funds for the purchase or preparation of his shipment; and when actually ready to export, use the proceeds of the drafts that he draws on the buyer or the buyer’s banker in liquidation of the acceptance.” This is just one of the many rather unusual ways by which the banker may be of assistance to the inland manufacturer; and it is not too much to say that the granting by American manufacturers of other terms than cash before goods are shipped, will produce a very large increase in that manufacturer’s export business.

It is a fact that there is a large volume of export business that cannot, no, never will go thru the medium of local inland banks, which now goes thru large seaboard banks. I refer, more particularly, to the business of large corporations whose export offices are located in such seaboard cities as New York. But there still is left, however, a considerable volume of business that could, and in most instances should, go thru local banking institutions; but does it? I think I can safely say, “No, only a small percentage of the total.” These seaboard banks have realized the value of business in volume, and they have had their own men in inland territories picking up this business, offering service to large and

small manufacturers, and thus eliminating, as it were, to a large extent, the inland banker.

While I am not at liberty to disclose my authority, I have understood that it is the desire of every Governor of a Federal Reserve District to have the foreign departments of these inland banks developed in a logical way; and that the foreign business which emanates from his particular district, he would like to see diverted thru the local banks rather than thru the seaboard banks.

With the new laws which have recently gone into effect which enabled the inland banker to branch out more effectually than he has ever done before, it would be my suggestion that inland banks go after this business, not necessarily establishing their branches the way that some of our larger seaboard banks have done, but rather establishing their agencies and correspondents in foreign countries, opening up their own offices in seaboard cities and in this way facilitating the handling of their business. Thus eliminating the extra expenses involved thru unnecessary bank commissions and by having their own wire from the inland bank to their New York office, they could keep in close touch with conditions affecting them. We, who are in trade, have noted the tendency of all business for a number of years past to eliminate, largely, the middle man. This certainly must be done if the inland bank is going to secure its rightful share of foreign business.

In conclusion, it has been my desire in this paper to offer, what is commonly known as constructive criticism; for we who are interested in the growth of our foreign trade, want to use every media that is available for the purpose of facilitating and making more easy and more successful the handling of foreign business by the American manufacturer. (Applause.)

CHAIRMAN ARNOLD: Mr. Dunlap certainly has stressed some points which are very essential and very important.

The next paper, "Need for a Standard American Letter of Credit," prepared by Mr. Marc M. Michael, Treasurer of the Consolidated Steel Corporation, will be read by a substitute. While we are sorry, of course, that the man who prepared the paper is not here to present it, we are very glad to have Mr. Tower read it for him. Personally, I wish we might, in addition, have a paper or an address prepared by Mr. Tower himself. I have known Mr.

Tower for a goodly number of years—we worked together in Chicago along the lines of developing the study of foreign trade, and he was connected with one of our universities there. It affords me personally more than ordinary pleasure to have Mr. Tower here, even if only to read a paper prepared by some one else.

A STANDARD AMERICAN LETTER OF CREDIT *

By MARC M. MICHAEL,

Treasurer, Consolidated Steel Corporation.

In presenting the subject matter of this paper to you, I do so with the modesty of a new-comer in the foreign trade field. We all agree, however, that a new-comer may see things that can be corrected or improved upon, which the more experienced may have noticed but not have had time to correct. Some one once remarked that things get in a rut, the difference between a rut and a grave being width and depth; and then went on to say that dead ones are found in both places.

The National Foreign Trade Council are ever alive to suggestions that will help our foreign trade, as evidenced by their recently completed "Definitions of Export Quotations," f.o.b., c.i.f., f.a.s., etc., etc. I now ask that they consider a standard form of letter of credit, which, if acceptable, I suggest might be known as the "American" form of letter of credit.

To-day there are about as many forms of letters of credit as there are issuing banks (some banks have several forms), and when it is considered that these credits must be examined to see if they are what they purport to be, namely, a guarantee of payment or something else, the lost motion and lost time make plainly apparent the advantages of having a standardized form.

Some of the difficulties that to-day confront the examiner of letters of credit are here set down. He must examine carefully to see whether they are irrevocable or revocable. (In the irrevocable form presented for your consideration, this statement occupies the most prominent position in the credit.)

It is oftentimes found, on carefully reading credits which are apparently irrevocable, that there is a statement reading "drafts are

with recourse on you." This, of course, rescinds the irrevocability of the credit.

Other credits will read "this credit will remain in force until _____" (a certain expiration date given thereon), and further (tucked away in the middle of a paragraph) will be found the statement "this credit is not to be considered a confirmed credit."

Other times banks will insert "we reserve the right to advise expiration date later." Inasmuch as an expiration date may be notified at any time, the credit is naturally not irrevocable.

Then there is always a question in the case of credits which read "we are requested by John Doe to pay you up to \$10,000 for shipment of _____ until _____ date." This credit raises a question as to whether or not it can be considered irrevocable.

Other credits are opened stating "we are requested by John Doe to pay you up to \$10,000." When shipment is about ready to move, it is discovered that the value of the invoice is slightly in excess of the credit limit. I suggest that a ruling be made giving a certain latitude, 5 per cent. or 10 per cent., which the bank will pay in excess of the amount of dollars named in the credit, without requesting, as is done to-day, a guarantee of refund.

In the export of steel, it occasionally happens that the credit asks for Lloyd's certificates on the entire shipment; whereas it may very probably be that there are certain items called for upon which Lloyd never makes inspection. (steel sheets or plates 3-16 in. or less in thickness.)

Some of the agencies of foreign banks write letters telling you they will pay you thus and so. Such letters, without mentioning any expiration date for the credit, and not being in standard form, occasion a careful examination to see if acceptable. Where no date is specified, I suggest a rule should be made that such credit is valid for one year from date.

Ofttimes letters of credit, because of being drawn in a foreign language, permit of mistakes in interpretation.

When this subject was first presented to some banking friends, with that caution which is proverbial among bankers, they replied, "No. Our forms of letters of credit have the approval of our Legal Department, have been through the fire, as it were, and we would not care to change them." When it was explained to them that the improved forms which said what is meant and meant what is said, would be in universal use; that these standard forms would

mean that all banks accepted and issued only these forms; that exporters and importers would accept only these forms; that any test made of them in the courts would be a test that applied to all alike, they then thought there might be something in them.

I appreciate the fact that instructions given United States banks by their foreign correspondents to open letters of credit, commonly direct that certain specific things shall be written into the credit. In by far the greater number of credits, such written-in clauses are directly contrary to the terms on which the sale has been consummated. They are occasioned largely by the fact that the foreign bank is not familiar with the terms of the contract between buyer and seller, and are made by the bank with the idea of protecting the bank's client when making their specifications; but inserted clauses serve no good purpose, for it is apparent that when these clauses are contrary to the terms of the written contract entered into between the buyer and seller, the credit must be rejected by the seller, which leads to cabling and endless delay. Many of these vexatious and expensive delays would be avoided with a standardized form of credit, and eventually, as the practice grew of writing only the standardized form of credit, a better understanding between all parties in interest will be arrived at.

Practically all of the large export houses have in their General Conditions of Sale the following clause:

"Tender to the purchaser or his authorized agent of shipping documents, consisting of *proper bills of lading*, etc., etc., etc."

as a part of the sales contract. Notwithstanding which, we receive letters of credit issued by an American bank at the request of the foreign bank, with the following clause printed or rubber-stamped thereon:

"We will accept only bills of lading issued by the transportation company carrying the goods, and it is understood that payments under this credit will only be made provided the merchandise is actually on board, or loading on the vessel named in the bill of lading."

This amounts practically to a demand on the steamship company to issue an "on board" bill of lading. A committee of steamship people have recently been called upon by a banking committee to take this

matter under advisement, and the steamship people state that port conditions have necessitated the development of the present form of bill of lading (which form has been in use for many years), and if compelled to issue an "on board" bill of lading, would make it impossible properly to conduct the business offered at Atlantic ports. They called to the banks' attention that if an "on-board" bill of lading were to be issued, this would only be done after the steamship company had an opportunity to check up the manifests, which would result in the bills of lading covering such shipment being delayed several days after the goods had been shipped, making readily apparent the difficulties that there would be at the port of destination, and the expense incurred at many ports, of goods arriving prior to receipt of proper shipping documents.

All letters of credit must of necessity be drawn in accordance with the contract between the buyer and the seller, and if a standardized form were in use such differences as constantly arise to-day would be entirely eliminated, and all would be interested in the success of the standardized form. The buyer and seller have been in accord by reason of their contract agreement, and the intermediaries in the transaction, the buyer's bank and the buyer's bank's correspondent, would all be lending every endeavor to facilitate the business.

The standardized form once understood by the banks will make a strong appeal to them, for their foreign correspondent can request them to open but the one uniform credit, which will eliminate many of the perplexing questions that have been multiplying under the many forms heretofore written, and with the standardized form carrying rules or definitions, credits can be interpreted but one way. If new questions should arise they can be presented to the National Foreign Trade Council and the American Bankers' Association Committee for interpretation and ruling.

We all want our letters of credit to be as plain in language, and as clean-cut in statement, as possible. I therefore suggest that the form of irrevocable export credit attached be the basis on which to proceed.

I well understand that there are questions which will arise from time to time as to what is understood under any letter of credit which can be written. To meet such questions as arise in this case, I suggest that definitions, or rules, if you so care to call them, be made by a committee composed of the National Foreign Trade

Council and the American Bankers' Association, and that the rules be agreed to be binding upon all engaged in foreign trade.

One of the first questions that will call for a ruling is that of partial shipments. This is a much-mooted question to-day. Some banks will pay proportionate to the shipment, others demand that unless the credit distinctly states "partial shipments will be paid for" they will pay only upon complete shipment. In a recent case which came before me, the bank refused under the letter of credit, which made no mention of partial shipments, to pay upon presentation of proper papers for the partial shipment. We were forced in this case to place the goods on ground storage, the resultant expense (wholly inexcusable) ran into four figures. This difference in opinion results in an inexcusable expense, which is put upon the buyer or seller in the transaction, and it is both annoying and unnecessary. In fact, in some cases, as with steel, a shipment may be of such bulk that no ship could stow away the entire tonnage included in one order. Another time you may have part of the order at seaboard and the vessel ready to load and the balance cannot be taken aboard even if ready, so you must pay storage on that part ready for shipment. This expense could be readily avoided and would make for economy in our foreign trade.

There is a keen competitive time just ahead of us in foreign trade, when our foreign competitor has had time to set his house in order, and is prepared to make a fight for the foreign trade lost to him during the war. The more uniform we can make our practice, the more we standardize and simplify our machinery for doing business, the better able we will be to meet this foreign competition.

I therefore present this simplified form in a preliminary way for consideration, and if its advantages are what they appear to be, and it is approved, I would suggest that the National Foreign Trade Council appoint a committee to draft a complete set of forms caring for export and import, revocable and irrevocable letters of credit, to secure for their use the approval of the foreign trade interests, and when it will have become the uniform thought of those interested, to have the National Foreign Trade Council set their seal of approval on this method, and *declare a date when same shall become operative.* (Applause.)

CONFIRMED IRREVOCABLE EXPORT CREDIT

No. EI.

\$.....

THE X Y NATIONAL BANK

of

500 ANN STREET, NEW YORK CITY

Will Pay to

.....

the sum of *Dollars**for the Account of*

.....

Credit opened by

.....

Upon the delivery of the following Documents:.....() *Copies*() *Copies*() *Copies*() *Copies*() *Copies*() *Copies**Covering Shipment of*

.....

If Presented on or before*This Credit is irrevocable except by agreement of all Parties in Interest.*

THE FIRST NATIONAL BANK.

..... *Atty.*

DEFINITIONS

1. *Unless otherwise specifically stated Partial Shipments will be paid for under this credit.*
2. *If no expiry date is given in the Credit it will lapse one Year from date drawn.*
3.
4.
5.
6.
7.
8.
9.
10.
11.

CHAIRMAN ARNOLD: I am delighted to have associated with me this afternoon as Vice-Chairman of this group, a man who was one of my principal competitors for fifteen years or more, and perhaps the nicest thing I can say is that during those fifteen years our relations became constantly more intimate and friendly, and as far as I can recall, we never even had a gentleman's agreement that would in the slightest way, even in spirit, conflict with the anti-Sherman law.

I am going to ask Mr. Deans, Vice-President of the Merchants Loan and Trust Company, Chicago, at the head of their international business, to open the discussion of the papers presented this afternoon and then the meeting will be open for discussion.

MR. DEANS: I do not propose to make anything even approximating an address this afternoon, but before saying another word, I would like you to permit me to acknowledge the very graceful tribute which my old associate, Mr. Arnold, has just paid me. He and I have been engaged in the foreign trade busi-

ness as neighbors and rivals for upwards of fifteen years, and I grant that those days were the happiest and most splendid days of competition.

I have forgotten whether this is the sixth or seventh Foreign Trade Convention I have attended—I think I have attended them all—but with each succeeding convention which I attend, the idea is more forcibly impressed upon my mind that what we all need, bankers, exporters and importers, and all others interested remotely or closely in foreign trade, is more education. We are very uninformed on a great many of the rudiments of foreign trade. It is surprising how far behind our European competitors we are in many of the elementary principles which enter into the successful carrying of foreign trade. There are perhaps some excuses and reasons why that is so.

Up until a very few years ago, we were more or less self-satisfied and self-contained people. We have a large and only partially developed country. Our domestic and internal trade was enormous and also very profitable, and was able to keep our rapidly growing population profitably employed. The war, however, has done much to change that condition and has projected us, whether we like it or not, into the outside world. We are now in the world and must hereafter be up and at it.

As a result of that terrible five years' struggle, Europe owes us several billions of dollars, which, you very well can see, can only be ultimately paid in commodities or services rendered—it can never be paid in money.

In order to assist Europe to liquidate the enormous debt which is owing to us, we must buy from her. It is a rather unfortunate thing, and amusing too, that of those persons whom you meet at a convention of this kind, almost all speak of foreign trade on the export side—the import side doesn't seem to appeal to them in the same way. Nevertheless, the import side of foreign trade, particularly for us within the next few years, is as important as the export side. There is no question about that.

Our factories to-day are all probably running at war time capacity. If the export demand for our products should suddenly fall away and decline, the results might be very disastrous for us, for there is no question but what our present ratio of production would very quickly exceed home consumption. To permit a con-

tinuous foreign demand and consumption of our goods, we must import.

It wasn't my intention to make an address this afternoon but rather to stimulate some discussion among you on one or two of the points brought out by the former speakers. However, there are one or two little remarks I should like to make, and one of those is that perhaps one of the greatest advantages which our competitors in foreign fields have over the United States of America, particularly referring to Great Britain and Germany, is the fact that for years it has been their custom to educate the young men in both countries, sending them abroad with the idea of having them remain abroad permanently. The field for young men at home in America has been so good, so alluring, and so profitable that it has been very difficult to get the youth of this country to emigrate. They go abroad for a few years, but go with the idea of coming back in six months or a year; and it hasn't entered the minds of very many of them that the time has come when they must equip themselves for life overseas. It is only reasonable to suppose that American commercial interests will and must be better looked after abroad if confined to American hands.

In other words, if our interests are looked after by our own nation instead of by other countries, it is only natural to suppose that if we had our own youths trained and sent abroad in our interests we might have better success than we have had in the past.

A good many people blame the banking system and the bankers for many of the ills to which the export trade, particularly, is heir to. I am altogether sure that the banker is not quite so much to blame as most people think. It is true that we have a banking system in this country that is not so well developed for foreign or overseas trade as the branch banking system of Europe; and for that reason, it very often happens that in the smaller places or more remote towns of our country, there are banks in which there may be two or three excellent local bankers who are quite devoid of any knowledge or even the rudiments of foreign trade or of foreign exchange. While this may occur in Great Britain and in Germany, it is quite unlikely that it does to any great extent, for the reason that usually the man who is to be selected and put in charge of a country branch bank in either of these countries goes through a very general and extensive course of training in London, Berlin, Hamburg, or any of the larger cities,

before being sent to manage or take charge of the country establishment. While he may not be an expert, nevertheless he has a more general knowledge of the situation than it is perhaps possible for the young man in this country, similarly situated, to acquire.

However, I have lived on both sides of the Atlantic and I am free to admit, as a result of what I have seen there, and what I know to be the case here, that in my own humble opinion, both the American exporter and importer are remarkably well served by their banks, constituted as these banks are to-day.

Some exception has been taken by some people to the fact that much of the foreign business of the country had to be sent to and cleared through a New York bank in New York City. It is only reasonable to believe and expect that that should be the case. New York, after all, is the great exchange market of the country; and while we are a continent rather than a country, and may in the course of time expect to see other great financial centers rise and grow throughout the length of America, it is questionable whether New York will be overtaken as a money center for some time to come. It is an international banking center. It is a place in which the large majority of the foreign banks operating in this country maintain their principal American places of business.

The same thing is true of England. The same thing is true, in a large measure, of Germany and France. Most of the export business of Great Britain, as almost any foreign exchange bank can tell you, comes to this country via some London bank. It may originate in Glasgow, Liverpool, or some other part of the country, but the vast majority of bills which go abroad for collection are in the final stages cleared through London, which is the foreign exchange center not only of England but of Europe.

The question of the practicability of a so-called standardized commercial letter of credit, is an interesting one and one that I think will admit further discussion than I propose to give it. One can only speak from his own experience and so far as my experience extends, I should say that in the main, the commercial letter of credit in America to-day is already pretty well standardized. It is true that we meet with perhaps a difference in versions here or there, but I have frequently found that these modifications, exactions, provisions or conditions were usually inserted or put in at the request of the bank's customer rather than by the bank it-

self. I have in mind two of my own clients in Chicago who were large importers, one of them of South American produce and the other of Mediterranean produce. Both of these houses, so far as commercial letters of credit which they buy from me are concerned, are laws unto themselves. They want the thing done differently almost every time and they want it done according to their ideas rather than according to what we would consider to be ordinary. The banks, I am sure, would welcome the standardization of the American letter of credit, or the further standardization of it, which I am sure, would prove possible and practical; but most of the objections originate with the purchasers of the letter of credit rather than with the banks.

Mr. Arnold, in his introductory remarks, referred to the plan which he inaugurated before this country entered the war, of inviting young men from country banks to Chicago, to take a course in foreign exchange and foreign banking methods and principles in the foreign department, and I would like to add just a word or two to what he said in that connection.

We have been doing the same thing in the bank with which I am connected. We have found a very cordial and prompt response on the part of the banks of the inland, Middle West towns of Wisconsin, Iowa and Illinois. There is a keen awakening of interest in foreign trade, and a realization that these banks in smaller manufacturing towns where export business originates must get men in their employ who have some practical knowledge of how these shipments must be routed and cleared.

We have gone a little further than that. We prepared some little time ago, something that approximates one of the old-fashioned war questionnaires, and we have sent those out to a selected list of our banking friends situated particularly in those towns where exporting originates or where imports are likely to go in. We have inquired, among other things in that questionnaire, just what branches of foreign exchange or import or export business these banks were chiefly interested in, and as a result of the mailing out of these questionnaires to the country banks, I think we have about twelve hundred of them altogether, we have found a very keen and growing interest displayed, and I am sure that Mr. Arnold's bank and our own bank are not the only ones doing that kind of thing. The movement is more or less nation-wide, and its effects should become more or less definitely known to all of you

gentlemen living in interior places who are interested in foreign trade. (Applause.)

CHAIRMAN ARNOLD: I would like to make this suggestion in connection with the development of foreign banking facilities in the inland towns. It is absolutely and physically impossible for all of these smaller institutions to have ramifications throughout the world, having accounts in every country, and that isn't the thought that I personally had in mind in speaking of developing facilities in these inland towns; but more particularly to have every bank that is located in a place where exports or imports originate or center, obtain some one for the institution who is familiar with foreign documents and who knows something about it when he comes to handle them, and knows where to route them and where to get them cleared. Those are the principal things.

It's impossible for our interior banks to spread their capital by having branches throughout the world, but we must make use of the facilities we have and develop along logical lines.

MR. A. ZUCCA (New York Fruit Exchange, Inc.): You hear so much about steel, machinery and iron, that I believe it would be a relief to you to have some one talk about fruit products.

In your program you state very correctly that we are a creditor nation. We know that because of the war it will be more easy for the European countries to pay us in products and merchandise than in money, especially France, England and Spain; but they have great recovering powers and in a very few years their products will be so enormous that they will be only too glad to send to us their products in exchange for the goods we send to them.

One of the speakers yesterday said very wisely that we send goods to foreign countries with steamers and vessels, and certainly those steamers and vessels must come back with other goods for us, and there is the solution of our credit system.

The great problem in the business in which I am engaged, and which I represent—a fruit exchange—is not to be stuck. We get the goods from the other side and I generally go to the bank and ask for a letter of credit. The banker says, "All right; how much do you want?" I am giving you this instance as an example of what happened to me and which is a repetition of what has happened to my colleagues in the fruit trade.

I got a telegram from Naples advising me that they had an

unusually fine crop of walnuts, over 2,000 bags at so much a bag, in dollars. They are not taking any chances—I go to the bank and get a letter of credit for the two thousand bags of nuts, sixty or seventy thousand dollars, and the banks open our credit. The man from the other side, a very fine house, gets his Bill of Lading and his invoice, goes to the bank and gets his money. The bank is very careful to see that the Bill of Lading says “two thousand bags” at such and such a price, and that is the amount they pay. I get the walnuts. The man said “new crop” and all that sort of stuff. I expected to find about ten per cent. of them rotten, but when I get the nuts here in New York, I get sixty-five per cent. rotten.

Of course, I cannot say anything to the bank—they opened the credit as I asked them to, and if you go to them and complain, they say that that is your business. And that is true. I went to the man who shipped the nuts and said, “Mr. So and So, you shipped me a kind of walnut that was not fit for the dogs.” “My dear, Mr. Zucca, the Creator gives me those nuts.”

What redress have I? None except suing the party on the other side, and you know what that entails. Now, my idea is this: a certificate of examination by the Board of Trade or the Chamber of Commerce where the goods comes from, should be attached to the invoice. I am willing to pay for that examination. The Chamber of Commerce should have a Board of Examiners that could go to the dock and see these two thousand bags of nuts, taking possibly two hundred for examination, and if they find that sixty-five per cent. of them are bad, certainly they do not say they are O. K. and I do not lose the money.

I believe that this convention should make a suggestion to the bankers, the Boards of Trade, or Chambers of Commerce, that besides the invoice there should be a certificate of examination. Money would be saved and we would all benefit thereby.

If I sometimes get a letter from France for wheat or something, the banks do not pay me if I do not give them a certificate from the Produce Exchange. I don't see why we should not ask the other side to do the same thing. What is right for one side should be right for the other, and I will tell you people who are not acquainted with the produce business, the losses have been enormous, due to false representation from the other side.

CHAIRMAN ARNOLD: I think you all know that it is the

policy of the National Foreign Trade Council not to pass resolutions but merely to issue statements of opinion with regard to any of these suggestions that are made in the group meetings. Mr. Zucca's suggestion will be taken up by the committee after the adjournment of this session.

MR. V. H. PINCKNEY (California Packing Corporation): It is interesting to get Mr. Zucca's standpoint on fruits in New York. We on the Pacific Coast think we know a little about fruits. He has spoken particularly on the importation of fruits—we export dry fruit on the Pacific Coast, and we always attach a certificate of inspection, which forms a part of the documentary papers. Mr. Deans spoke very fully on the need of importation because we will be unable to have our debts paid off in other than commodities, and we do propose to pay our balances in commodities rather than gold.

Dr. Aughinbaugh spoke of rural banks and the lack of interest in financing foreign trade on the part of inland banks. I wonder if he knows that out here on the Pacific Coast in one of the largest banking organizations, drafts put through that bank a year ago have not been paid yet, despite the fact that the customers have paid the drafts? We were called upon to collect about \$30,000 which had been paid to the bank and no returns had been submitted. It does seem to me that the city bank ought to come in for a little bit of its share of criticism as against rural banks. I can cite cases of Guatemala, Honduras and Peru, taking a large part of San Francisco exports, where shipments have been made and the money was held up for almost a year. There should be some remedy for that.

We on the Pacific Coast are naturally interested in exports, and we need markets for the great production of the Pacific Coast: canned foods. Any bank that will help us finance that or help us get business along those lines, is doing a great service.

I personally made an investigation in the Latin-American territory a few years ago, and I found that the cry then was that the American manufacturer would not give credit. The European creditor will, and will give you credit for any length of time you wish. My investigation showed, however, that the American manufacturer was the only man who never gave any credit. I mention that in view of this proposal for a standard letter of credit.

I have been given to understand that in Germany they have

a wonderful system, and that every shipment that left Germany comprised two phases—one, to supply the article; two, the financing. The merchants supplied the article and the bankers financed the proposition. The merchant got his money at the port of embarkation. I am wondering if that would be a good phase to discuss in connection with the standardized letter of credit, the assumption of the liability on the part of the bankers for the actual financing of the transaction.

MR. ENRIQUE GIL (Argentine-American Chamber of Commerce, New York): Before we proceed with the discussion of the subject proposed by Mr. Pinckney, I should like to endorse on behalf of the Argentine Chamber of Commerce the suggestion made by Mr. Zucca.

About a year ago, with the help of Mr. Bernheimer of the New York State Chamber of Commerce, a plan for fact determination at the port of shipment was proposed, and is at present under consideration by the Chambers of Commerce of different countries abroad, principally in South America, with the idea of protecting the purchasers of merchandise by issuing, at the time of shipment, a certificate as to the nature, quality, etc., of the goods.

MR. F. E. AUSTELL (Continental & Commercial National Bank, Chicago): I have had very little experience with regard to American exports and imports, but with reference to the old German Cartel system and the British method and the methods now employed, is simply one of co-operation. In the Cartel system, it was largely a matter of credit; and shipments as they were made were financed. The final payment of those things was simply a financial arrangement between certain bankers.

At the present time in America there is a vast amount of the export trade rendered entirely impossible simply from that point of view. It really amounts to a lack of co-operation, not so much on the part of the banks but on the part of the people engaged in the export business.

The banks are facing a hard position at present with regard to financing exports, and it often happens—it has happened repeatedly in Chicago—that when it comes to the point where an order is actually received, when the financial transaction is broached, no credit can be got. That kind of thing would not occur in Europe for the simple reason that an order would not be sought without proper financial arrangements having been made, and if the banks

could not handle it, the Government would see that it was put through.

At the present time we are all tremendously interested in the export trade and there are any amount of people trying to get into it and cannot. Those big organizations that can send their own men abroad to make their own investigations and run their own credits are doing a large amount of export business, but the average man who has a capitalization of one hundred or one hundred and fifty thousand dollars is practically excluded from export work. Combination is what is required.

The old Cartel system has been readapted not only in Germany but also in Belgium and very strongly in Great Britain. If the American merchants, not those with the big organizations but those with the smaller organizations, would institute the Cartel system on a non-competitive basis, allied industries helping each other out—your dried fruit business and other products have allied industries; your electrical industries have various branches; your lumber industry has a long string of allied industries—allied industries could be put through with allied credit. Individuals engaged in those industries could work together; and without that co-operation, they are losing a lot of business. The solution of the present difficulties in the export trade will be found in a thorough establishment of the Cartel system, consisting of allied, exporting industries.

MR. W. H. HAMMER (Hammer & Co., San Francisco): I don't quite agree that this coast is engaged particularly in the export business. I believe that the future of this country, in order to liquidate the indebtedness of these countries in question, lies in importation, and that is absolutely essential, I think. We cannot think of always selling goods and not buying goods. To show good faith, we should do some importation and we should have the proper protection on importation, and that protection, as Mr. Zucca says, should be in the form of a certificate—something that would not only protect the buyer but the bank that issues the credit.

A thought has just occurred to me that in these cities in which we have our consuls or commercial attachés, some arrangement might be made that would further protect our interests, and the good faith of the various Boards of Trade would be backed up. We don't want this business destroyed. I think that that is one of the most important points brought out—protection.

A short time ago here in San Francisco, we had a shipment of Australian onions, four thousand odd cases, shipped here to two firms. A letter of credit was issued, the money was collected at the other end and a strike took place. Those onions were three months en route and when they arrived here, in rotten, bad condition, they were valueless. There was no protection there, and that is an example of absolute loss.

We have to go into this import trade—we are forced to do it—but we do want protection.

MR. E. G. SWIFT (San Francisco): It seems to me that we were discussing banks in the beginning and now we are discussing merchandise contracts. I believe the point was well taken with regard to the essential safeguarding of our imports and exports, but I don't believe that this organization this afternoon is the proper one to which that should be presented. That does not seem to me to come within the scope of banking. I think if you were to present that to a bank, they would say that that was a matter of contract between yourself and the company with whom you were dealing. Therefore, whenever you enter into a contract with another concern, you should stipulate what you want in the terms of your agreement. I don't think it falls within the province of the bank to tell the merchant what to do.

MR. W. A. WILSON (San Francisco): Mr. Zucca stated that sixty-five per cent. of the nuts he received from a firm of high standing were bad. That transaction and the onion transaction are only evidences of growing pains. If we are going to get into this foreign trade business, and we have got to get into it, the first problem is to see that the foreign trade is protected. If I am going to buy nuts in Italy, I must know from whom I am buying them, or have somebody approve the purchase. Otherwise, I take the chance of not getting good nuts; and I cannot shift that back to the banks either now or hereafter. If I am going to buy onions in Australia, I must know something about the shipping conditions and the possibility of those onions getting here. In other words, I must know the hazards of the onion or nut the business, and you cannot know it in a day—it's a life study.

England didn't do it in a month, a year, or a generation. Germany came into it gradually, and so did France. All the great world movements are preceded by education, and this is a world

movement so far as we are concerned, and it must be preceded by education here as it was preceded everywhere else.

Why are we getting into the foreign trade business, meaning buying and selling, imports and exports? Because it is absolutely necessary! We have a surplus we cannot take care of at home and we have to find markets abroad, and we have to find the people abroad, and as they are unable to pay us in money of our kind, we therefore have to accept pay in the form of their products, and for that reason we have to be in the import and export business. The farmer of Fresno, of Iowa, or any other part of the country, should understand that the price of his product is stabilized and made better and more certain, and that he widens his market. He can then appreciate if he is widening his market beyond assurance, he is improving his own financial condition. When we once appreciate that, we will be in favor of foreign trade. There is no difference between the cotton man who has been selling his cotton abroad for generations and the fellow who raises raisins in Fresno; only the cotton man has wrestled with his problem longer and sees it more clearly and knows better what is necessary to do to protect his own interests. It is simply a question of education, and the Foreign Trade Council can do much towards educating the people everywhere on this subject.

CHAIRMAN ARNOLD: With regard to Mr. Swift's suggestion of this meeting drifting from the subject of banking into merchandising, the Chairman would simply like to make the declaration that in his opinion these questions are directly and indirectly connected with financing, and it is the desire of the National Foreign Trade Council that these discussions should become general and educational, and I think in the discussion the more latitude we allow, the better it will be for all of us. We want these group meetings to be illuminating and educating, and so far, the suggestions that have been made this afternoon have been very helpful along the various lines under discussion.

MR. J. E. HANNON (C. C. Mengel & Bro. Co., Louisville): So far as the investigation of goods is concerned, the measurement and weighing of goods, we have nobody in this country that is recognized as doing that work, but abroad there are people and public officials who weigh and measure all goods. The thought occurred to me that the man who shipped nuts to Mr. Zucca should have had such a man, and I am wondering if he did.

MR. ZUCCA: He did not.

MR. HANNON: The question of attaching a certificate of examination was brought up. I am wondering if that has been an accomplishment of an organization or bureau. In the lumber business, the National Hardwood Lumber Association issues the certificate and those certificates are recognized abroad.

MR. ZUCCA: What we want is the same thing from the people on the other side.

MR. G. T. ARMSTRONG (Anderson-Meyer Co., Hankow, China): We have heard from people in America who are importing goods. I want to say that in the export world, certificates can be had at normal prices from Lloyd's surveyors, and they will report on any commodity required. It is always customary to specify the quality and grade of your goods in your contract, as per sample, and I can see no reason why in importing goods that could not be done, and the goods must come up to the required sample. There is a machinery for that purpose.

MR. J. C. FREEMAN (Lyon & Healy Co., Chicago): I would like to inquire of the members what experience they are having in regard to extending credits in foreign countries. We are not one of the fortunate firms who can demand cash for our goods at the time of shipment. We deal with merchants all over the world and give them the same terms and facilities that we do our merchants in this country; but the need of reliable credit information is the big thing, it seems to me.

With any house exporting goods as we are, it seems to me that in these times, with conditions changing as rapidly as they are, we must have reliable credit information.

Recently, in Norway, a firm with which we had done business for a good many years, placed an order for this year's delivery. Those goods are handled on a three-, six- and nine-month basis. It is necessary for us to know, from time to time, if possible, the methods used by the merchant in handling his business. If he is conservative, it is probably a good risk. We have tried in every way to get such credit information, but we find it very difficult to get first-hand information, information that is suitable to open a credit.

MR. DONALD FROTHINGHAM (American Express Company, New York): In connection with the matter of inspection of imports from abroad, following the remarks of Mr. Zucca, it may be

interesting to know that in our experience in handling commercial credits there is a constantly increasing number of credits established in favor of exporters in Europe, which call for the usual documents plus a certificate of inspection; and it is up to the American bank, in handling such credits, whether in Europe, or the Far East, or in South America, to see to it that the inspection is made. That can be done in practically every commercial city, either through Lloyd's surveyors or by technical foreign engineers or experts who are competent to qualify for the inspection of commodities such as nuts; and I think it is well that this fact be better known, that these inspections can be arranged for and that the arrangements can be made through American banks that have branches abroad, and they are invariably able to do that.

In connection with the other point raised in regard to credit information, that again refers to American branch banks abroad and I may call your attention to the fact that your correspondents abroad can, upon request, usually secure that sort of information. That isn't an accommodation service, but it can be had. It is being done at the present through American banks maintaining branches in the Far East, in South America and in Europe, and I can speak on that point because infrequently we are called upon to make special reports for the accounts of our customers in this country, and the practice is carried even further by others.

CHAIRMAN ARNOLD: Those of you who are in the banking business know that when we get inquiries from abroad with regard to the standing of American houses, as a rule American banks are quite explicit and go into detail with regard to such information; but it has been our experience that European banks are very indefinite and they hesitate to give information. That may be a subject worth while for the Foreign Trade Council to consider, perhaps, in addition to developing a little more responsibility on the part of foreign banks.

We have under consideration in the American Bankers' Association the development of this very thought. The movement is on foot to create an international bankers' association through which we hope to produce results along this line. As Mr. Wilson has stated, we are young in this and we are moving slowly perhaps, but I believe we are moving along the right lines, and such questions as Mr. Freeman has brought up I think will stimulate such activity.

Foreign banks, as a rule, are most meagre in their reports. They do not give us very much information. While we, on the other hand, are very free to give them all we can. I don't know whether we give them all we know, but we give them all we feel they are entitled to know, and that is all they should ask and all we should ask.

MR. E. Q. INGLE (L. Dinkelspiel Co., San Francisco): Is it not so that foreign consuls or commercial attachés other than from our own country supply that information that we seek? I have listened to talks and discussions and have heard that the German system was a most wonderful system, and the British system was almost parallel in that respect; that they gave their consuls or commercial attachés more latitude than our country, and because of that they were able to compile that information? I should like to see this National Foreign Trade Council go on record as appealing to our Government to allow our consuls and commercial attachés more latitude in this respect.

CHAIRMAN ARNOLD: There is this element that I think might be emphasized in that connection, and that is that when an American consul gives a report it is looked upon as being more or less official. It ought to be understood by Americans asking for such information that it is merely information and that the Government is not to be held responsible for such reports. That is, if a report should happen to turn out a mistake, they should not be held responsible. That is an element that I think the Government takes into consideration. I know that that has been under consideration in connection with the larger organizations of international banking. Such information would be considered practically as an official declaration.

MR. GEORGE E. CHAPIN (Toyo Kisen Kaisha, San Francisco): The suggestion was made that we might depend upon Lloyd's surveys, but personally, I think the average Lloyd's surveyor is incompetent to take over that work. He is all right to examine the exterior of packages, or know if they are broken, but it would appear to me that if some arrangement could be made through the State Department, that the consuls could be so trained as to take up that feature, I believe it would be of very great help to those importing in the United States.

Another thing in connection with Lloyd's survey is that I don't believe they can be depended upon in all cases. I have in mind a

shipment that arrived the other day in bad shape and one of our yellow journals came out with glaring headlines in which they stated that the Japanese stokers had destroyed cases of oil in the hold of this ship. As a matter of fact, they found that the damage was done by the stevedores at San Francisco and that the cargo was not properly stowed. It seems that in this particular case the cargo was stowed in the bunker hatch and they left a space six feet wide in order to let the surveyors go back and forth, and the surveyor was sitting in his office in Hong Kong and he signed his name to the survey, and that's all there was to it.

MR. EDWARD H. SHAW (Canton, Ohio): I would like to get in touch with people engaged in the same line of business, and ascertain what methods they are using in getting a draft. For example, you take a draft from European countries and the rate of exchange is at a very low point. It seems to me that it is unfair to those countries in rehabilitation to have them suffer the difference in our exchange. If they pay at the present rates of exchange, they are going to lose large amounts of money. If those things could be carried for two, three or six months in some way, and are being carried by others, I would like to know how it is done so as to give the European buyer the chance of paying a less amount for the goods he buys to-day. Where drafts are away down now, six months from now there might be a great difference. The English pound is now three eighty, and after this is over it will be worth a lot more.

MR. E. L. HARTIG (Jos. T. Ryerson & Son, Chicago): This matter of credit for foreign markets is so wide, I think we should have more discussion. Mr. Pinckney brought the question out about American export. I would like to ask Mr. Austell, in his statement concerning the allied interests, if the American banks can do what the German banks are doing.

MR. AUSTELL: What I meant was that if a man wanted to finance a transaction, he went to his bank, and an individual has considerably less chance of getting that credit than he would have if he was borrowing on combined credit; and the banks would naturally consider the combined credit of a number safer than the individual credit of one.

MR. HARTIG: Does that mean that the banks can handle the transactions the same as the German banks?

MR. AUSTELL: I cannot say as to that, but it would be more easy.

MR. HARTIG: It was my understanding that the German bank carries a negotiable instrument for six or nine months. Can American banks meet that competition?

MR. AUSTELL: That would be a question for foreign trade bankers to answer.

CHAIRMAN ARNOLD: Immediately following the adjournment of this meeting, the committee will meet in this room.

ADJOURNMENT.

GROUP SEVEN
TRADE WITH THE ORIENT
Thursday, May 13, 2:30 P. M.
Civic Auditorium

The session was called to order by Captain Robert Dollar, of San Francisco.

CHAIRMAN DOLLAR: I consider this to be one of the most important group sessions that we are going to have. You will notice particularly that the key note of all our sessions has been the development of foreign trade, and the other day I tried in an imperfect way to impress on the audience the importance of the Far Eastern trade, especially the undeveloped trade of China, which, as many of you are aware, is beyond all bounds. There is no knowing to what extent it will grow.

Hence my telling you that the development is going to be so great on this Pacific Ocean that it is going to outclass the Atlantic in the memory of many of you young men—and as I said, the other day, I am not real dead sure but what I will see it myself! Applause.)

The Secretary will read a communication from the Chinese General Chamber of Commerce, Shanghai.

To the Chairman of the Seventh National Foreign Trade Convention:

When the Sixth National Foreign Trade Convention was held in April of last year, the Chinese General Chamber of Commerce of Shanghai had the honor of sending you a cablegram of cordial greetings and of receiving an appreciative reply in which the keen desire was expressed for "a large increase in trade and foreign relations with China."

The year 1919 has been a significant year in the trade relations between the two Republics; and although the statistics are, at the time of writing, unavailable, it is well known that very large orders for machinery and industrial equipments have been placed

with American firms in China. The past year saw the opening of new American banks and business houses in this country, and American commercial and industrial leaders have come across to study trade conditions and they have given us their personal assurances of the vastness of the virgin field that is open to enterprising American financiers seeking secure investments that promise handsome returns. July 4th of 1919 was celebrated by our countrymen as if the anniversary of American independence had meant their own emancipation. Indeed the cordial feelings between the two nations have reached such a stage of enthusiasm that an American to-day is welcomed from one end of the country to another and treated with respect and confidence that has nothing to do with diplomatic exigencies. Thus, Mr. Chairman, the wishes in regard to trade expansion and increase of friendship, expressed by yourself at the 1919 convention over which you presided at Chicago, have, to a very great extent, been fulfilled.

This being the case, it is with feelings of exceeding optimism and gratification that the Chinese General Chamber of Commerce avails itself of the happy occasion of the Seventh National Foreign Trade Convention, to congratulate the National Foreign Trade Council on its past achievement and its continued far-sighted policy of uniting the efforts of American foreign trade experts to stabilize and develop the outlet of American merchandise; and to offer the Seventh National Foreign Trade Convention the sincere greetings of the Chinese merchants in Shanghai for the full measure of the great success which America's industrial and financial resources should render possible and comparatively easy. It is needless to say that there exists a national echo to the earnest wishes herein expressed.

In order to facilitate our efforts to render you that form of co-operation which will swell the volume of trade between America and China, and which can only come from a close mutual understanding and sympathy, the Chinese General Chamber of Commerce is sending two delegates, Mr. C. C. Nieh, president of the Heng Foong Cotton Mill, and Mr. H. H. Wang, Sales Manager and one of the directors of the Commercial Press, to attend the convention so that any of your merchants who desire the assistance of this Chamber of Commerce in any way may feel free to communicate their needs to our delegates.

The writer is very sorry that pressure of duties renders it

impossible for him to come to greet you personally, but his colleagues and himself will be with you in spirit. A point to which your attention is specially directed is the importance of investments in China as a principal item of your foreign trade program. Help us to develop our rich natural resources and plentiful man-power with your wealth and talent, and you will find to your pleasant surprise that by increasing the buying power of China's 400 millions, the China market will be able to consume your products on a scale which will surpass the most sanguine expectations of your manufacturers.

We have the honor to be,
Dear Mr. Chairman,
Your obedient servants,
CHINESE GENERAL CHAMBER OF COMMERCE,
CHU PAASAN, President.

CHAIRMAN DOLLAR: The next speaker will be the Hon. Chao Hsin Chu, Consul General of China at San Francisco.

TRADE WITH CHINA

By CHAO HSIN CHU
Consul General of China, San Francisco

It gives me indeed an exceeding pleasure to address such a distinguished audience on such an extraordinary occasion.

A little over a year ago I took a lecturing tour throughout the principal cities throughout the East and Middle West, for the purpose of stimulating commerce between America and China. On each of those occasions I spoke only before a local audience, and no such big opportunity has been offered me as addressing a large gathering not only of national but of international significance.

Therefore, when I was assigned to speak at this special session, to represent China, I accepted the offer without hesitation as I consider it a great honor and a special privilege.

The subject on which I am going to speak is "American Trade Possibilities in China." As the time is very limited I shall not waste even one minute by beating around the bush but will come right to the point in order to be able to cover the subject as fully

as possible. I will give you some substantial facts and practical suggestions instead of giving you a "hot-air talk." (Applause.)

The theme of this convention is "The Effect of Being a Creditor Nation." As referring to America's trade with China, America has been for many years a debtor nation instead of a creditor nation. In 1914, prior to the war, America bought from China about \$39,000,000 worth of goods, and sold to China about \$24,000,000 worth; and in 1917, during the war, America bought from China about \$105,000,000 worth and sold to China about \$37,000,000 worth; and in 1919, after the war, America bought from China about \$154,000,000 worth and sold to China only about \$105,000,000 worth.

The World War has affected the world's commerce to a great extent, but the position of America as a debtor nation on the one hand and the position of China as a creditor nation on the other, remains just the same.

However, since the war those countries have been greatly benefited and have profited through the development of mutual trade. In other words, we may call both nations profiting nations. America has been a debtor nation in that China's supply of raw materials to America has been in excess of its demand for manufactured products from America.

These indications seem to me rather in favor of America. Why? The greater the supply of raw materials to the American mills the greater will be the output of manufactured products for the extension of foreign trade.

Therefore America should be satisfied with being kept as a debtor nation while trading with China. China's consuming capacity is growing from year to year and its purchasing power has been increased through the high rate of silver exchange for gold. One dollar gold before the war was equivalent to \$2.50 in Chinese money, while to-day one dollar gold is exchangeable for only from eighty-five cents to ninety cents in Chinese currency.

The World War has made the whole world suffer financially. I am very proud to report to you that China to-day is one of the few nations in the world that is handling actual metallic money, while the others are using paper money only.

Your products sold to China will be exchanged for cash, while your trade with the European countries to-day will only magnify that balance which they already owe you.

Your nation is indeed a creditor nation and will be for many years to come. Therefore, increasing your trade with China in the meantime will make you a creditor nation in reality instead of figuratively. Your balance of trade will be offset by a substantial payment instead of only a figurative credit.

Why has America not developed her trade in China to the full extent it should be? It is chiefly due to the shortage of transportation. During the time of war there was a great lack of ocean-carrying facilities. American goods when shipped to the Orient had to be placed partly in the hands of foreign shipping agencies; and yet the tonnage could not be positively assured, although a very high freight rate was paid.

Even to-day the shortage of tonnage is not entirely relieved. I learned a few months ago that it was planned to assign a number of vessels to the Pacific trade. Yet this has not been carried out so far. As the Pacific is going to be the commercial center of the world, let us urge that America build up a large merchant marine in order that your goods will be carried over to the Orient by your own ships under the American flag, which will be seen everywhere on the Pacific Ocean. (Applause.)

Another hindrance to the Oriental trade is the shortage of means of communication. There is only one cable across the Pacific, and in case the line is broken, a message to and from the Orient must go through Atlantic cables. The Pacific radio system can be improved. Delays of communications have caused a considerable loss in business transactions. It is impossible for the merchants to keep in close touch with each other concerning supplies, quotations, market conditions on both sides of the Pacific.

The wireless inventor, Mr. Marconi, made a statement the other day that within eighteen months one can positively talk through the radio telephone from one side to the other of the Atlantic. If this is true we are sure that a similar system will be arranged across the Pacific.

Anyhow, we are all wanting more communication facilities. Let us all urge that an additional system of either a cable line or a radio line, telegraphically or telephonically, should be established as soon as possible. (Applause.)

By way of information let me offer you some suggestions embodied in ten points, which will serve as remedies to the existing handicaps as to American-Chinese trade.

First, American goods should be made to order to suit the customs and tastes of the Chinese consumers. During the war when European supplies were entirely cut off, American manufactured goods were the only choice for the Oriental buyers. Now the war is over. The European manufacturers will soon resume their campaign in the Far Eastern field. Consequently competition will drive some kinds of unsuitable merchandise out of the market. In that connection I wish to suggest that you American manufacturers and exporters send men over to China to investigate the market, to investigate the customers and to follow up the popular tastes of the buying public. Another suggestion would be interesting and valuable to you and that is that you send for some cases of goods which are made by other manufacturers and considered most marketable in China, to serve as samples for you.

Secondly, exhibitions should be held in the ports in the large cities in China. Many times American products are still unknown to the Chinese market. I would suggest that some gross of goods should not only be carried along by the American salesmen but also be displayed collectively in certain centers where the Chinese buyers can conveniently visit and look them over.

Thirdly, moving pictures showing the American manufacturing processes should be used as the means of educating the Chinese consumers. These manufacturing films should be given away free—either placed in the hands of the American Commercial Attaché in Pekin or American consuls in different ports in China, or entrusted with the Chinese Government, through which channel they will be shown to the public throughout China.

For such arrangements I am in a position to serve you. Remember, I am always at your disposal, as I deem it as my duty to render some such service as tends to stimulate international commerce. (Applause.)

Fourthly, catalogues and booklets should be printed not only in your own language but in the language of your customers. You can't expect the majority of foreign buyers to read English. They might appreciate to some extent, as a fine thing, some pictures in your English catalogues, and they might cut them into pieces for wall decorations. But your purpose is not answered and your printed matter is entirely wasted. Therefore, I would suggest that your booklets and catalogues be printed in Chinese for the benefit of the Chinese readers.

Fifthly, advertising should also be given out in the Chinese language. Some kinds of merchandise need to be advertised in the daily papers and periodicals in order to approach some class of consumers in particular, but generally, I would suggest posters as the most effective means in advertisements. The public eye can easily be reached by a picture or a trademark with a few Chinese characters, the simpler the better.

Sixthly, trademarks should be kept in a permanent manner. Owing to the conservatism of the Chinese people, they always look for the thing they bought before, and whenever they find something new or different in appearance from the one they are familiar with, they hesitate to buy. Therefore, not only your labels but even the packages, the boxes, the bottles, should be kept strictly in a permanent form and appearance.

One thing you must not forget to include in your labels; that is, three big letters which are understandable by all the Chinese people, namely, "U. S. A." (Applause.)

Seventhly, business connections should be made with the Chinese firms. Those that do business that way are more successful than agencies in general. I understand that some are not doing business that way, but occasionally are receiving Chinese orders. Such orders so received may be partly or wholly discontinued the following year.

If you American manufacturers trust your trade exclusively to the Chinese merchants, they will take care of your trade. They will give you guarantees as to the trade you are enjoying as well as to your future trade, which will be developed to an extent as fully as the Chinese consuming capacity should permit.

Eighthly, American young men should be trained for the services of foreign trade. Mr. Julean Arnold, Commercial Attaché, who is present here to-day, has undertaken the establishment of an American School of Commerce at Shanghai. This school will train American young men in the Chinese language as well as in commercial knowledge, and we will return them to the American firms for practice and work.

Mr. Arnold also advocates through his public speaking that the high schools and colleges in the United States should teach Chinese just the same as they teach Spanish. (Applause.) For American trade, I would commend that Mr. Arnold's good idea be

carried out, namely, that Chinese be recognized as a commercial language and taught as the regular course in the schools.

Ninthly, direct trade should be encouraged and maintained between the two countries. Prior to the war, America's cotton was sold in Liverpool, England, for delivery to China. China's tea, likewise, was bought for America in Manchester, England.

Such indirect transactions were due to the inactivity of the Chinese and the American merchants. In fact, China's foreign trade has long been monopolized by some foreign firms which are doing business through their compradores. The compradore system has been considered as the only solution and convenience for the foreign merchants to conduct business in China. Yet, we are not entirely satisfied with that system because of its indirectness and inefficiency in business dealings.

To remedy this, let the Chinese merchants become your partners instead of your compradores; namely, that some sort of American-Chinese trading company be formed in order to secure better means of co-operation on the part of Chinese merchants. (Applause.)

Tenthly and finally, American commercial commissions should pay frequent visits to China, not only to the trade ports but also to the interior. In 1915 there came a Chinese Commission to this country and in 1915 an American Commission returned the visit to China. But since then no such parties have been formed for the purpose of investigating business possibilities. I fail to understand why you Americans do not take the initiative in sending another commission to China.

I observe you Americans are known to the world as great travelers, but for pleasure trips you generally go to Europe and for business trips you generally go to Central and South America. It seems to me China is the ideal place for both pleasure and business trips. (Applause.)

By saying so I don't mean that I am purposely boosting my own country, but I do mean that I want to induce you to visit my country commercially to the end that commercial intercourse will bring about a closer relationship and better understanding between the two sister Republics face to face across the Pacific. I thank you. (Prolonged applause.)

CHAIRMAN DOLLAR: In listening to Mr. Chu's address it occurred to me to wonder, if all of us were over in China, how many of us could deliver an address such as he has delivered, in the Chinese language? (Applause.) When you take into consideration that he is talking in a foreign language—and I was going to say there isn't one here but I see Mr. Julean Arnold here and Mr. Hinckley and they might say I am wrong—I might have said there isn't a person in the room here who could have delivered such an address in Chinese.

He has made some very good points which I just want to call to your attention. He talked of the trade balance in favor of China. I just want to say to you, Mr. Chu, you are going back to China now; you want to tell your people not to take our gold and our silver away but to take our merchandise. That is what we want. And you folks understand it thoroughly.

I recollect once I was trying to make a deal through the Chinese Government. I was trying to buy iron and iron ore from them and we could not get together. I am not so good a trader as they, and we could not make a deal. But they tried to work it through by inviting me to quite a big banquet and they had all the officials there.

They said to me, "Before we go into the banquet, come into this room and we will see if we can close that deal." Well, we couldn't do it. I couldn't come up to their price and they couldn't come down to mine, so we had to call it off.

But as a parting shot, sometimes Americans can just think of a thing and say the right thing at the right time and I happened to be able to do it, by saying, "Well, it is too bad, but we will have to call the deal off. But I want to call the attention of you gentlemen to this, that I have never taken a dollar of Chinese money out of China, and our business is increasing from America over here and I thought I could make this deal with you and instead of taking your money away I would take your iron and ore away in exchange for your goods. But now I will be compelled to take your gold and your silver away from you."

Then the chairman said, "Mr. Dollar, sit down." They had a long conversation in Chinese. I won't tell you what they said, either. But finally they said to me, "Mr. Dollar, we have been trying all this time to frame a proper answer to you and we have

utterly failed. We can't do it and we have agreed to accept your price." (Applause.)

Now the Consul, you see, is alive to all the various interests. He talked of the cable. I didn't talk to you about that in my address yesterday but I would like to ask every man and lady here to be a committee of one to try to get our government to go to work and put down another cable so we can have the communication. (Applause.)

He has made a splendid point about the catalogues. I visited Mr. Arnold when he was consul many years ago. He took me into a room and showed me several hundredweight of catalogues printed in the English language—not a single one in the Chinese language.

What would you think of the Chinese merchants trying to develop a certain line of goods or trade in this country and flooding San Francisco with catalogues in the Chinese language? What would you think of them? You would think of them the same as they think of us. So those of you who are sending catalogues in the English language, please change them over into Chinese.

Then about trademarks, and this is something I think you all should remember. You put a trademark on any article you are selling, it doesn't matter what it is. They get to using it and they believe that you are going to keep the grade up and that every package or piece that they get will be of the same grade and they call for that grade, and that trademark will sell that article for you.

Another thing that is very pertinent and that is the dumping of goods over in China. When times are hard here and it is difficult to sell, our fly-by-nights go over to China and they say, "We will sell our goods here now." They go in and they sell what they can dump in; and over night they are not to be found. This does a great deal of harm to the American trade to do that.

We have now what they call an "Anti-dumping Act." I will just say to our Consul-General, you get a similar anti-dumping act over there and prevent us from doing it.

That compradore system is changing and a new system is being introduced and it won't be so very long until the compradore system will be not a thing of the past, but very much diminished.

As to sending a party over as suggested, I think that is a real good thing. The way to encourage and develop trade is to get together and talk it over. There is no other way that you can do it. Writing is good; cabling is another way; but the real thing is to

meet the people and talk the business over and get acquainted with each other and then we will develop our trade. It is no use for us to think that we can stay at home here and develop the trade.

Another thing, too, from what I have told you about the Chinese trade, it is a man's job and don't you send any boys over there. (Applause.)

MR. JULEAN ARNOLD (Commercial Attaché, Dept. of Commerce): It is a very gratifying thing to note this keen interest in our trade across the Pacific because those of us who are in touch with that market realize the marvelous potentialities they have to offer, and there are some very pertinent questions in that connection that should have our earnest consideration at this time.

Among others is the one in regard to the federal incorporation for American firms in foreign trade only. The whole situation is one that places us in a position of disadvantage in our relations with other firms and our competitors in China in that we have not the same facilities for incorporation for business in China as those of certain other nations.

So American firms on the Pacific who want to take advantage of this situation and compete on a basis of equality with these concerns, have organized, some of them, under the Hongkong Ordinances; but unfortunately, during the last few months those ordinances have been so altered as to make it necessary for American firms incorporated under these ordinances to provide for British management and also to provide a certain British majority on the Directorate.

It was for their protection and without any idea of unfriendliness to American interests, but it places us in an embarrassing position, not being able to compete because of that fact. And we should get behind this present Federal Incorporation Bill and see that it is put through, so that American firms may incorporate under federal charter and carry on their business in China exempt from American home income taxes and war excess profit taxes, and which would place them on an equality with firms of other nationalities who are exempt from such taxes at home.

So it is because of that fact that we wish also to have our merchants in China who are operating in business in China, for that business in China to be placed on a basis of equality with those of

other nationalities so that we may incorporate also, under the American flag. (Applause.)

We have an American Chamber of Commerce in Shanghai that is developing in a large way and American interests in China are behind that Chamber of Commerce.

We suffer in a double way. We suffer in the first place financially because we can't compete financially, and in the second place we are losing in American prestige. So it is necessary that that bill should be put through.

It has been recently amended so that it provides that the majority of the Board of Directors shall be Americans and the majority of capital stock will be American, so it will be for the protection of American interests in China.

The Chinese are very keen and anxious that we should join with them in joint American interests in China. This will afford us the opportunity. The Chinese will not find it to their advantage to join under the present arrangements, but they can in the new arrangements join with American firms for the development of those wonderful resources in that country.

In that connection I want you to notice that the Chinese have not as yet developed corporate enterprise in a large way. They are developing corporate enterprise, as in the Commercial Press, which is represented by one of the delegates from the Chinese Chamber of Commerce in China, and in the Chinese modern department stores. But it is coming along rather slowly.

The Chinese are glad and willing to take advantage of our knowledge of corporate enterprise and associate with us in joint enterprise in China and they can, under the new arrangement; and that will give us a chance to associate ourselves with Chinese capital, with their wonderful resources—probably the richest on the face of the earth to-day.

So it has those very striking phases; and I hope that every one of you will see that your Congressman and the various Chambers of Commerce get behind that bill. It is now up before Congress and should go through if you get behind it. (Applause.)

A DELEGATE: Might I inquire of the gentleman who has just spoken, whether the pending bill permits incorporation for foreign trade generally or is it limited to China?

MR. ARNOLD: It is limited to China because of our territorial position in that country.

MR. H. H. WANG (Commercial Press, Shanghai): As a delegate for the Shanghai General Chamber of Commerce, I extend to you words of greeting. In addition to what our Consul said, I would like to add a few words. I also say to you what he said, put your letters, U. S. A., in your labels. I would also like to say, put the letters in Chinese too, because we have a special liking to use your goods. (Applause.) So have the Chinese characters put on in addition to using your own letters. I think that will help out a great deal.

Another thing I want to call to your attention is that I think there is no need of me to conceal that our average buying power is not so great as your country. It is smaller, so you must not expect to "get rich quick" in selling goods to China. So try to mark down your prices as low as you can in order that you will be able to compete with other peoples in the cosmopolitan cities like Shanghai. (Applause.)

Another thing: America is nearer to China than it used to be. Still, I find out that you have to ship your goods in a roundabout way, such as the tour I am making, going home by way of the Suez, after crossing the continent and the Atlantic. I only make this trip once in about five years, but you have to ship your goods all the time to China and I don't expect that you ship that way all the time.

I think sometimes the business men of the East, from the City of New York, should try to pull together with this City of San Francisco or of Seattle, try to have as much direct communication as you can, especially if it is possible that you make special arrangements with your Railroad Administration for import and export goods, to enable us to buy your goods cheaper and to sell your goods cheaper.

Another thing is the difference in the cost of goods. I understand the cost of silk is very high here. You can't very well afford, even as rich as you are, to dress in silk shirts. You wouldn't care for it because the cost is too much—and I am afraid that the customs men here are charging more than they ought to. (Applause.) The little experience I have had with the few handkerchiefs I brought over to give away to friends makes me sick, I am sure, and I thought I would never try to make any such presents

again. The way they charge duty, it is something more than 60%, I think.

Say a piece of silk would cost us \$100 in Shanghai; you would have to figure this \$100 plus duty. We can't have very many manufactures to export from China into your country. You depend on our silk and tea; do them fair justice. (Applause.)

A DELEGATE: I want to say a word in favor of what has already been said. After considerable experience in the East—and I am now preparing to go back again—there are two or three things that have been said that we can't take too much notice of.

American goods should not only have "Made in the U. S. A.," but the same in Chinese. I found in going through Peking and in mixing with the Chinese, in suggesting it to them, it was immediately taken up. It has already been taken up. I am confident in going back again I shall meet with favor.

I agitated with one firm here who had been in the habit of sending out goods which they wished sampled—I maintained that any recipe or formula or direction should be printed in Chinese. They acceded to that and by the last mail this information has been imparted with the samples, in Chinese. I mention this because if we are going to do this thing, let us do it properly.

MR. T. HSIEH (Chinese Chamber of Commerce, New York): I certainly come with some difficulty to speak in your language and I only hope I won't put myself in the same predicament I have told you of before, that when the war broke out a young lady went to New York to engage a carpenter to do a little work at a stipulated price. When the work was finished this carpenter charged her more than the price agreed upon and she said, "You are dearer to me now than when we were first engaged." (Laughter.)

I arrived in September, 1917, when I came bringing the message of good-will from the four hundred eighty million people of China to America; and I went back just last September to take back your message, and at the time in Shanghai when the Senate actually decided in favor of justice, it thrilled from one end of the Republic to the other end. Before I leave this place and this country I can tell you perhaps, "We are much dearer to you now than when we first met."

Already so much has been said and so much in fact of the very wind of my sails has been taken out, I need but supplement a

few remarks, and the very first thing which touched me very deeply is this real, good, old international fellowship that America offers to China. (Applause.)

China is a country you are looking forward to. China is a country with people now aroused to realize that for her salvation something must be worked from within. America has stretched out the hand of fellowship and the Chinese have come forward to say, "What can we do to help you?" China is a bunch of good wishbones.

China also wants to come out and tell you, if your financiers come to China and offer to develop our own resources, Chinese with fabulous wealth not known heretofore, will come forward to say, "If you are ready to come with your finances, we are ready to come in on a fifty-fifty proposition and help you so that you can help us."

It is interesting for you to note that when Chinese business men could enter into any business deal they would not go further than a limit. For instance, if a Chinese were worth twenty thousand, to gamble, he might not gamble more than ten thousand perhaps.

The system of banking was not introduced at one time. They could deal just by their very bond of word. But to-day the world has come. The big Middle Kingdom has felt the power, the pep, the punch and the dash of America. The old, antiquated China is now feeling there is the gun, there is the Bible; which will you have? She also ought to come forward and perhaps marshal her strength.

I am entering a sphere which I might not be permitted among tradesmen, but I want to tell you that real fellowship can only be introduced internationally through trade. You are here to build that good fellowship among us and that is by means of trade.

When China has realized this—you would be surprised to see to-day that no longer do Chinese with merely twenty thousand deal just within the limit of twenty thousand. There are not only banking houses that have come in great numbers from America and other parts of the world, but Chinese native banks have sprung up at every corner. And why and how? Because of the intellectual awakening of China; because the whole masses are coming forward that at one time might have been left ignorant. We have a new system of education.

With this comes the industrial development. How does it come up? That is through the influences of outside. The more she gets from the outside the more she is aroused to the fact that she must also be prepared and arouse herself. We are very sensible to the fact that if you want to help us, the real salvation of our country must come from within.

Therefore our younger set and those that have helped are not any longer the great conservative men, but they have always the constructive conservatism.

As your most worthy representative in Pekin, Mr. Arnold, said to-day and has said from time to time, that he could go into the innermost parts of China and every Chinese could to-day single him out as an American, and say, "You are the best." The very humblest of Chinese begins to realize what you really mean to China. You know that hand across the Pacific is not merely the powers allied at times of critical moment, but because at peace we can be allies and that is what we have come to-day to feel, that we could have two great hands across the Pacific to develop the international trade. We want to give and take.

Remember, China is not going to be the dumping ground of rubbish. China can pay; China will be ready if you but bring your best of all the commercial goods you can; and we will pay you handsomely.

And if you could bring those things to exhibit, as has been told by our Consul-General, it will not be a thing that you will suffer from, because if you bring your best you will have them established the best in that very home land of ours and be the valued friends of America. If you did not bring the best, you know what sort of impression you would leave. Thank you very much. (Applause.)

TRADE WITH THE PHILIPPINES

By FELIPE BUENCAMINO, Jr.

Manila Merchants Association

The Philippine Archipelago is composed of some 3,000 islands, 400 of which are inhabited by ten and a half million Christian people. They are loyal to the United States for the untold blessings which this country has bestowed upon them. (Applause.)

You have got the friendship, the loyalty and the good feeling of the Philippino. I would ask your indulgence a moment while I extend myself on the question of the friendship of the Philippino for the United States.

That was never so patent as during the great World War just terminated. There we were, some 7,000 miles away from your nearest Pacific port. When it became necessary, you took away from the Islands every white American soldier and sent him on to Siberia and left a mere handful of higher officers in charge of the native soldiers.

In fact, it was a standing joke around Manila that the only white American soldiers left in the island were some 300 negro troopers of the Ninth Cavalry! (Laughter.)

Well, we remained loyal; but more than that, we went out of our way to show you our loyalty and friendship. We over-subscribed all Liberty Loans and Red Cross quotas. (Applause.) We did everything within our limited financial ability to show you that we were with you heart and soul in that game.

We had a destroyer built, a submarine built, and placed it at the disposal of your Navy Department. That is all we could do, and to do that we had to strain our resources and deprive ourselves of very many necessary public improvements. (Applause.)

You see, the total budget of the Islands amounts to some sixty million pesos (a peso is half a dollar). That is all the average expenditure of the government for all purposes, and here a submarine and destroyer cost us something like 7,000,000 pesos.

Now if you consider this feeling of friendship of the Philippino toward you (I am talking to Americans in particular), and you consider the natural situation of the Philippine Islands, I think you will come to the same conclusion with me, that the Philippine Islands is the place which should be made the central distributing point for the American goods for the Orient.

I have with me a map prepared by the Manila Merchants' Association showing that within a radius of 1700 miles from Manila you will find a population of 125,000,000 people. This includes Sumatra, Singapore, Borneo, Java, New Guinea and part of Australia. There, within a radius of 3500 miles, a distance like that between San Francisco and New York, you have a population of some 761,000,000 people, constituting two-thirds of the world's population.

You will find that in Manila is a wonderful harbor; that there we are doing all we can to help shipping by building new docks and putting every facility in the way of the skipper.

I think you will be interested to know what the Philippine Islands can offer to you in the way of trade. I am not going to detain you with statistics and things that will take your time because we have here in the United States a Government Commercial Agency situated in the Chamber of Commerce Building, San Francisco; a Bureau downstairs, and another Commercial Agency in New York and a traveling commercial agent, Colonel Rafferty, who will be ready to give you all the information you desire as to these things I will mention. We will soon open another agency in Seattle like this one in San Francisco, and also one in Chicago.

What we have to offer you in the way of trade is this: Hemp; that is a commodity over which we have a monopoly. There is no other place that produces hemp such as Manila hemp. We have sugar and copra and cocoanut oil and tobacco and tobacco products; and fruits and spices and lumber and rubber—rubber is coming into its own. Rubber especially is being developed and the government is ready to go and help all those who desire to engage in that line of business. These agencies that I have spoken about are ready to supply you with all the necessary information at any time you desire.

Now what have you got to offer to the Philippino? We are essentially an agricultural country. I think the last census showed there were almost two million farms in the Philippine Islands. The population was ten and a half million. I think you can come to the conclusion that probably three-quarters of our population live on farms, and produce crops.

They need agricultural machinery, more tractors, more plows and harrows and all those things that go with modern agricultural methods. They need trucks; they need automobiles.

You can bring to advantage into the Islands and with profit to yourselves, items of foodstuffs like canned milk and vegetables, flour, etc.

And we need iron, steel, cement and other building materials. The total trade of the Philippine Islands for the year ending December 31, 1919, was 473,000,000 pesos. In 1900, about two years after you first landed in the Philippines, the total trade of the Philippine Islands was under 60,000,000 pesos.

Captain Dollar said, and I think everybody agrees with him, that in a short time the world commerce is going to be transferred from the Atlantic to the Pacific. I think that is true; it is coming and nothing is going to stop it.

Now what is necessary to promote this mutual trade between us? It is not going fast enough, and the gentleman from China who preceded me mentioned a few things which bring to my mind another thing, and I will give you an example of this thing that has come into my mind, to illustrate my point of view.

You cannot sell sardines in the Philippines to advantage unless you pack them in cans painted with red paint or green. If you put them in yellow cans you can't sell them. I don't know why; it is psychological, but it is there.

So you have got to pay attention to our habits and prejudices and customs and all those things if you want to trade successfully with us over in that part of the world

But the most necessary thing in my mind now, in order to increase this trade between us, and foster that, is a better cable service. I have had clients, gentlemen, recently, who received confirmation of their cables by letter from New York before they received the original of that cable in Manila. It was four weeks before they got the original. The letter was there in twenty-one days, when once in a while we are able to connect with a fast boat from Vancouver.

Give us ships from American ports that will make Manila easily in sixteen days; and give us cable service, either wireless or any other way, but give it to us quick.

Lastly, bring American capital and co-operation, and there will be Philippine co-operation.

Gentlemen, I thank you. (Applause.)

CHAIRMAN DOLLAR: That was certainly a good talk on the Philippine Islands and it is another illustration that we must get up and be doing when he tells what is the truth about our cable communication with the Philippine Islands. I think there is nothing more could be said to intensify that situation.

We who are in business know that every day we throw up our hands and say, "Hadh't we better quit cabling altogether than to have this trouble?"

MR. WALLACE SALMON (Sacramento Cons. Chamber of Com-

merce) : I want to bring to your attention the fact that from a commercial standpoint the City of Manila is one of our biggest possessions. It has a wonderful harbor and the only one in the Orient that can compete with Hongkong, which is a British possession and naturally a British storehouse. And of course it is near Japan and China.

It isn't merely a question of selling to the ten million people in the Philippines; merely a question of a few million pesos you are going to sell the Philippines; but it can be made a great storehouse for American products for the Orient.

When I was in Manila we used to figure nine months from the time we placed an order, even when it was cabled, to get delivery in Manila. Just think what that means to the people in the Orient, if they had to wait that long. The British can furnish them from Hongkong in a short time.

Manila is only two days away from Hongkong; four days from Shanghai; twelve days from Singapore or Calcutta, and it is absolutely the greatest possession we have on the other side, and it is up to the American people to use that as the great storehouse for the Orient so we can make prompt delivery on the other side.

MISS HELENE H. WILSON (Bureau of Commerce and Industry of the Philippine Islands): I would like to announce that Mr. James L. Rafferty, Vice-President of the Philippine-American Chamber of Commerce, is calling an organization meeting of the Pacific Coast Division of the Philippine-American Chamber of Commerce, at the Philippine Exhibit at the Foreign Trade Convention to-morrow morning.

The plan is to organize into autonomous units all the ports interested in the development of the Philippine trade, and incidentally looking to China, because I quite agree with the gentleman from Sacramento that Manila is the key port for American commerce in the Far East and it is a point through which we can do an enormous business in Southern China and in the Federated Malay States, where we are also very welcome and have very many friends. I thank you. (Applause.)

TRADE WITH THE DUTCH EAST INDIES

By A. TIGLER WYBRANDI

Holland-American Chamber of Commerce

The importance of the Dutch East Indies to the United States has increased since America came into possession of the Philippines.

The Dutch East Indies are situated just south of the Philippines and cover an area larger than from San Francisco to New York, or based on an European scale, larger than from Ireland to the Black Sea.

Its population is estimated at 48,000,000 people, of which about 120,000 are Europeans, 700,000 are Chinese and 30,000 other Asiatics.

During the last years several high officials from the Philippines visited the Dutch East Indies, and several officials from the D. E. I. visited the Philippines, which may be considered as a mutual desire to take advantage of the experience, which both colonial governments have in developing their countries.

The United States are represented in the D. E. I. by a Consulate at Batavia, the capital of the Island of Java and the seat of the Netherlands Colonial Government. The growing importance of the United States to the D. E. I. is demonstrated by the appointment, since the last two years, of an American consul at Soerabaia, the principal commercial town of the Dutch East Indies, and a consul at Medan, Sumatra, the principal tobacco and rubber growing center.

Since the war numerous Dutch East Indian merchants visited the United States to open business connections, and several American manufacturers sent representatives to the D. E. I., whilst the Foreign Trade Department of the San Francisco Chamber of Commerce is now contemplating arranging a business trip for merchants of this Coast to Java for the latter half of this year.

Trade between the D. E. I. and America has considerably increased during the war.

The Robert Dollar Line sent several ships from here to Java and Sumatra. A regular steamship service for this Coast was opened in 1915 by the Java-Pacific Line, a Line founded by the

principal Holland S. S. Companies, by the N. S. S. Co., R. L., the Java-Pacific Line and the J. C. J. Line. The J. P. L. is represented in this city by the firm John D. Spreckels Bros. & Co. They have seven steamers on this line and a regular three weekly service. Recently they decided to make Seattle a regular port of call, while for the future these steamers will also call at San Pedro, if opportunity gives sufficient inducement.

From the East Coast, regular steamship services were opened by the Java-New York Line, a combination of the Netherland S. S. Co., the Rotterdam Lloyd, the Holland-America Line, and the Ocean S. S. Co. or Holt Line.

The Independent, Kerr and Barber Lines also send steamers from New York to Java.

The following are the principal products of export of the Dutch East Indies during 1919, which are of interest to the United States:

	Value of Exports to the U. S. during 1919	Quantity or Value during 1919
Sugar.....		2,000,257 tons
Coffee.....	\$10,084,109	1,676,100 bags
Tea.....	1,776,834	111,000,000 pounds
Cocoa.....		2,408 tons
Tapioca Flour.....		93,374 tons
Leaf Tobacco.....		32,392 tons
Cinchona Bark and Quinine.....		6,000 tons
Rubber.....	24,600,193	35,263 tons
Copra.....		103,848 tons
Peanuts.....		14,902 tons
Kapok.....		17,802 tons
Pepper.....		3,684 tons
Tin.....	2,500,797	16,252 tons
Gum Damar.....		2,765 tons
Skins and Hides.....	2,722,658	10,311 tons

Most of these products are exhibited in the showroom of the Netherlands East Indies Commercial Museum at 381 Bush Street, San Francisco.

The total value of American exports to the D. E. I. exceeds \$20,000,000 during the year 1919.

The above mentioned figures prove sufficiently the great possibilities of the trade between this country and the Dutch East Indies.

In many other ways the trade relations between the U. S. and that far-away country can be fostered.

The principal imports into the D. E. I. and which are of interest to the U. S. are:

	Value of Exports to the U. S. during 1919	Quantity or Value during 1919
Automobiles.....	\$3,000,000	3,073
Tires.....		200,000 pieces
Cement.....		279,000 barrels
Caustic Soda.....		2,240 tons
Cotton Goods.....	360,000	
Wheat Flour.....		27,057 tons
Sulphate of Ammonia.....		34,479 tons
Steel bars.....		26,693 tons
Galvanized roof iron.....		1,817 tons
Nails.....		102,541 barrels
Soap.....	800,000	

In 1910 the United States Rubber Co. and the General Rubber Co. decided to establish rubber estates in Medan, the northern part of Sumatra, one of the biggest and most fertile islands of the Dutch East Indies, and they now have an area of about 40,000 acres under cultivation, with a production of 13 million pounds of rubber. This example was followed by the Goodyear Tire Company, who have planted about 15,000 acres of land with rubber during the last two years.

Sumatra is an Island with a small population, therefore labor must be imported from Java, the most densely populated island of the Dutch East Indies. To give you an idea of the large population of that island, I would like to mention that on an area equal approximately to one-third of California, about 43 million people live, while California has only 3,578,808 inhabitants.

The import of labor from Java is done under special supervision of the Government. In accordance with the issued regulations, employers are only entitled to sign labor contracts through the intermediation of a qualified recruiting agent. The law forces certain duties on the employers as to the accommodation, feeding, medical examination, etc., of their native laborers.

The cost of recruiting a Javanese laborer amounts to about \$50 a head. The contract is usually made for three years, upon expiration of this period the employer is compelled to send them back to the place from where they were recruited. The Javanese laborer usually receives a daily pay of 40 cents; the number of working hours does not exceed ten hours a day. Although his pay seems small compared with what the American laborer earns, the fact is that the Javanese laborer lives principally on rice, does not need many clothes, wears no shoes; so that their cost of living is considerably smaller than the laborers over here. Although an

American laborer does not work 10 hours a day, he does considerably more than a Javanese laborer, so that the former are preferred.

The United States Rubber Company has about 18,000 of those Javanese contract laborers in their employment.

In my opinion the Americans should be interested not only in rubber in the Dutch East Indies. Especially coffee has a great future owing to the low cost of production. Since 1910 a variety of coffee named Robusta has been imported from Africa into the Dutch East Indies, which proved to be a great success. The young tree already bears coffee two years after planting and after the fifth year the yearly production is about 1400 pounds per acre. This makes the cost of production c.i.f. America about 9 cents a pound, while the actual value is about 17 cents a pound. During the year 1919 about 300,000 bags of this coffee was imported into San Francisco.

British and French concerns have owned rubber and tea plantations in Java and Sumatra for several years, and lately Belgium and Swedish investors acquired a great area of land for developing palmmut and rubber plantations.

I was recently told that the big increase of American trade in the Dutch East Indies during the last years was principally due to the war, and that now this trade would gradually slacken down, because most of the goods imported from America will now be imported from Europe at cheaper prices. I do not believe this. The internal position of Europe is such that for a number of years the European countries will have to restore what was demolished during the war, and their factories will be kept fully engaged for their own domestic demands, and as labor has become extremely expensive in Europe too, very little change in European prices can be expected.

In conclusion I would say that nobody needs to be downhearted over here, and that with American capital and American energy still greater things can be done in that Southern part of the Pacific. (Applause.)

TRADE WITH FRENCH INDO-CHINA

By GASTON GIRAUD

Commercial Attaché, San Francisco

When I was waiting my turn to speak I looked at this commercial report down here and I found everything mentioned except Indo-China, so I think before I begin it would be well to mention the geographical conditions of the country.

French Indo-China is a French Colony of the Far East and is bordered on the north by China, east and south by the sea, and on the west by Burmah and Siam. It comprises five countries grouped under the same administration, and consists of Cochin China, a French colony, Laos, Tonkin, Annam and Cambodia protectorates. It has a large area of about 280,000 square miles and has a population of 17,000,000 inhabitants, mostly Annamites, a race like the Chinese, with the same customs.

Before the war Indo-China was making trade mostly with the Mother Country and surrounding countries; but when war broke out we were cut off from the metropolis, we had to look out for some other place to meet our needs, so we became accustomed to the American products so that we wanted to know more than we did before of the American people, which we had met on the battlefield of France.

So we sent some drummers down here but many of them did not speak English so they weren't any use at all. The French Government sent me down here to establish connections between your country and the French of the Far East.

There are two harbors, one on the river of Saigon. The city of Saigon has a population of 100,000, and about three miles away from there is Cholon, the center of the rice mill business. It is mostly inhabited by Chinese.

You know Indo-China is called in the Far East the rice eater of the Orient. The production of rice is about six million tons and it exports about 1,700,000 tons. A big quantity of this rice has been sent to the United States through Oriental countries because we had not until now direct communication by steamer with your country. We want now to buy and sell direct.

A steam navigation company of San Francisco understood the

situation last year when it inaugurated a direct line of steamers going to Manila and Saigon and Calcutta. Although they are a bit slow, the Dollar ships are going also to Saigon.

In the North we have another harbor, Haiphong. It is a bit smaller than Saigon, which can take care of 45 large steamers at a time; but it has accommodations for about twenty steamers.

I am going to tell you the export products we have to offer to America. The principal exports consist of rice, maize, cinnamon, rubber, pepper, corra, sugar, coffee, tea, cotton, silk, tobacco, stick and gum lacq and lacquer oil, anise-seeds, castor oil, cassia oil, kapok, fish (dried, fresh and salted), hides and skins, cattle, woods, hardwood and teak wood. Also ore of every kind and coal in large quantities near Haiphong.

There is a quantity of very good rubber; not so much as in the Dutch West Indies but still quite a bit. Until now that rubber has been sent to Singapore, then to the United States. Now we want to send it direct down here. We have also paper in small quantities.

This lacquer oil is important because it is used in the airplane business, on the wings of the aeroplane, because it resists the humidity. You can understand the value of this oil for the wings of the machine when it is moving in the air, especially in humid parts of the air.

I saw crossing the bay a ship coming from Saigon and the deck was well loaded with teak wood. They have plenty for ship building construction, especially for decks.

In minerals we have every kind—zinc, iron, calamine, lead, tungsten, tin, copper and graphite. The coal mines are almost inexhaustible and they are easy to extract because they are all open air mines. You take out a bit of land, 100 yards deep, and you can find blocks as large as this room. The coal companies are only two. They have been granted concessions by the French Government for 100 years and they have built very large wharves where ships can be loaded with about seven or eight hundred tons a day and about the same during the night work.

The import products that we can get from America are—cotton, woolen and silk goods, jute, gunny bags, gold leaves, paper goods, porcelain and pottery, petroleum and its composites, hardware, cigars and cigarettes, vegetables, fresh and preserved; table fruits, fresh, canned and dried; iron and steel goods; glassware,

machinery and pieces of machinery, rails, nails; chemical products, leather goods, prepared medicine, rubber goods, shoes, hosiery, dry-goods, hemp and automobiles. So you see we have a large field for American products in Indo-China.

Now Indo-China is also a wonderful country for tourists. People going to a country for pleasure are going more often than they are for business sometimes—and trade is always following tourists. When people went to China, for instance, to see the marvelous things, they found the possibility for trade. They came back and trade opened.

Indo-China offers wonderful opportunities for shooting big and small wild game; we have plenty over there. The Governor General of the Philippine Islands, Francis Burton Harrison, went there and enjoyed hunting tigers. We have tigers there and panthers and big buffalo and elephants.

They have also the famous Angkor ruins in Cambodia, which date back to the Ninth Century, and they are well preserved and cared for by the government's Archeological Society.

So we have many things to offer to you and I am glad to know that many Americans have left San Francisco lately to go over there to see for themselves what is to be found in industry and commerce, because Indo-China is an agricultural country like the Philippines.

We have many connecting points with the Philippines. We are supplying them with rice. We have about eight ships a year going from Manila to Saigon.

Now before concluding, I want to draw your attention to some facts. When you will be dealing with Indo-China be pleased to pack your goods in very good packing, strong packing, because when you send goods to Saigon, for instance, they don't stay all the time there but are sent to the interior, which means transportation by means of buffalo-cart or something like that—very hard things to do. It is better to have your goods sent in good condition that will give good credit to the American exporters.

Also, what Mr. Chu says about China also applies to Indo-China. Send big posters with large labels of every kind of color, blue, red and yellow. It strikes the eye. Don't change the brand all the time; send the same one.

About the cable service, also, I want to say something. We want to have good communication because cablegrams for Saigon

sometimes take four weeks. I found it quicker to send mine from here to New York and through the Azores, over the French cable; it is quicker. It took one day and a half to Saigon and the other way it was five weeks.

We want a good parcel post service. We have none between both countries and to give you a very good example of what we need, I got to-day a parcel post sent to me by the Government of Indo-China four months and a half ago. Because we have no parcel post service this had to be sent from Hanoi to San Francisco by way of the Suez Canal, Marseilles, Paris, Havre and New York. I was lucky not to have any perishable goods in it.

About the cable service: I am engaged in communication with the chief of the Radio Service of the United States Navy on Goat Island and I hope in the very near future we will have a wireless communication established between San Francisco and Saigon by the way of Guam. It had been decided first to have a relay at Manila Bay, but it is not necessary as Saigon has a large, powerful station. That will save one relay.

I hope we will get the service very soon and that we will add a great deal to the business in the Orient because we have the Shanghai station and also a French wireless station where we will get all the messages you will want to send over.

I thank you very much. (Applause.)

TRADE WITH JAPAN

By T. TESHIMA

Mitsui & Co., Tokyo

It will not be denied, I think, that trade, like all other human pursuits, follows the line of least resistance. Other things being equal, it will flourish best between peoples which preserve relations of friendship. People at war with each other do not trade. People who hate or dislike each other make few exchanges. It is invariably the case that suspicions of injustice or discrimination tend to hold people apart and discourage business relations. Such discouragements are often based on ignorance or misunderstanding. It is not too much to say—however trite the saying—that the first

and primary basis for trade between nations, as between individuals, is *peace and good understanding*.

Entirely aside, however, from any ethical or racial questions involved, it is undoubtedly true that the people of Japan and America will do more business with each other if they can only learn to like each other a little better. As a business man I feel justified in talking plainly to other business men, and that is what I think we are here for at this time. If our main object is trade, we must do things which tend to *make* trade, and we must refrain from doing those things which frighten trade away. The basis, then, of those relations under which trade will flourish are justice, fair play, patience and the open mind.

I am fully aware that much of the agitation against my people in certain parts of this country has its origin in the twin evils of ignorance and demagogic politics; and I am aware, furthermore, that it is the sane conservatism of men like yourselves which holds this tendency in check. You stand for fair play, not only because you are just men, but because you are business men. You know that fair play, in the long run, is the best and wisest policy.

And this leads me to cite several recent instances in this state which illustrate the mistake which I fear is being made by those people of this community who really desire a growth of commercial relations with Japan.

On the 24th of last month a Los Angeles newspaper published a story to the effect that the Japanese authorities at the port of Kobe were doing dirty work. They were charged with delaying shipments, pilfering goods, stealing trade secrets and generally interfering in a dishonorable manner with the trade between the United States and China. The paper publishing this libel had the affrontery to quote the San Francisco Trade Club as its authority, and to use the name of a highly honorable official of that club as sponsor for the charges.

Another instance is that of an offensive picture recently thrown upon the screen by a local theater, the tendency of which was to create racial prejudice and stir up ill-will between the American and Japanese people.

Some weeks ago the papers of this city were filled with sensational stories of travelers returning from the Orient, charging Japanese subjects with tapping the cable between Guam and Manila and lifting foreign business off the wires.

Although prompt and careful investigation developed the utter falsity of these charges, I mention the matter now because I believe that here is a chance to do something which will make trade with Japan easier. I conceive it to be the duty of an organization of this kind to nail and deny unfounded slanders of this character wherever found, and I sincerely believe that upright merchants and business men on both sides of the ocean will frown these things down whenever they can. Japan wants to build up her trade with America but she wants to build it on honor and square dealing. She freely admits that she has much to learn, but her outlook upon the future will seem more hopeful when she can feel sure that her business men have the support of the business men of the United States in heading off slanderous misrepresentations.

In this connection I venture to suggest that the early creation of some proper organization for the arbitration of questions arising between us would be extremely beneficial. This suggestion has not only been made on a number of previous occasions by prominent men of both countries but has only recently been discussed, I understand, by the Committee on Japanese-American Commercial Relations, along with other vital and important matters.

Among these latter is the matter of an improved cable service which was, I believe, taken up by the Committee at Tokio, and I trust that any obstacles now in the way of the accomplishment of such project, may soon be removed, thus saving millions of dollars to the business men of America and Japan.

The establishment of an International Trade Association to consider all questions of mutual interest to both countries, with powers of arbitration, as already suggested, seems to me advisable. The importance of the trade between the United States and Japan fully justifies such measures, as the statistics show.

A glance at the figures for the three years of 1916, 1917 and 1918 show that the trade of Japan with the United States, during each of those years, was greater than her trade with any other country.

For instance :—

In 1916 the total foreign trade of Japan amounted to 1,900,000,000 Yen. Of this amount 500,000,000 yen was with the United States.

In 1917 the total trade of Japan was 2,700,000,000 Yen, of which 840,000,000 Yen was with the United States.

In 1918 the total trade was 3,700,000,000 Yen of which 1,160,000,000 was with the United States.

The total Asiatic trade of the United States was as follows during the three years in question.

	Total	With Japan
1916.....	G\$ 720,000,000	G\$225,000,000
1917.....	1,000,000,000	350,000,000
1918.....	1,300,000,000	600,000,000

During the same period the trade of the United States with China, including the British and French leased territories, was \$98,000,000 in 1916, \$144,000,000 in 1917 and \$160,000,000 in 1918.

Mr. K. K. Kawakami has shown in his interesting article in the current issue of "Japan" that, while Japan's sixty million people purchase two hundred and seventy million dollars worth of American goods, the four hundred millions of China purchase only forty-three million dollars worth of American merchandise. In other words, Japanese purchases of American goods in 1918 were \$4.50 per capita, while Chinese purchases amounted to ten cents per capita.

The United States is undoubtedly Japan's best customer, but, at the same time, it will be noticed that Japan is the best customer in the Orient.

Japan, as you know, has made great economic progress as the result of the war, particularly in ship-building, manufactures and trade. I am sorry that I have not the time to illustrate more fully, but the Japanese delegation will be glad to give you, upon request, full information as to the individual branches of industry in which you may be interested.

Concerning current economic conditions in Japan, it may be said that there has been, as in many similar cases, an over expansion of credits with too much speculation as a natural result, and this has made it necessary for the banks to restrict credits and that, coupled with the unusually large excess of imports during the first quarter of 1920, caused some excitement, resulting in the failure of various commercial houses. The opinion of experts, however, seems to be optimistic as to the final outcome of the present depressed conditions, though it may be some time before business resumes its normal course. I am in hopes that when the

period of reaction is over the financial situation in Japan will take a more stable basis than before, with much of the speculative and objectionable element weeded out.

Prices of commodities have gone up considerably during the last few years and the United States is not the only country in which people suffer from the high cost of living. There are some who fare even worse than those of this country. Taking the price of commodities in January, 1913 as 100, in December, 1918 they were 222 in Tokio, 223 in London and 196 in New York. At the close of 1919 prices stood at 290 in Tokio, 270 in London and 215 in New York. At the end of January, 1920, Tokio prices were 304, London 284 and New York 221.

The Labor question in Japan may still be in its infancy, but during the last year or two marked changes have taken place. We have been obliged to face many difficult problems and the whole question is receiving the serious attention of persons representing capital and labor. Sabotage and strikes have been prevalent in many industrial plants and among public service employees but, so far, the laboring classes have not been well organized. It should be mentioned that Japan's labor is no longer so cheap as in days gone by, and this should be of considerable interest to American exporters as labor saving appliances will be much more in demand in Japan than at any time before in her history.

The fact that this Convention is held in San Francisco has much significance from the view-point of Oriental trade and we are glad to realize that the National Foreign Trade Council has seen its advisability. As Japanese we are particularly interested in the industrial expansion of this coast as it means more business and closer relations between Japan and the United States.

The delegates from Japan, who are here in a body, have prepared and submitted to your Secretary a number of questions which may be of importance in the discussion of matters relating to Japanese-American trade, our hope being that they may serve as a basis for further discussion, and we will be glad to take up the details of these questions with any who are interested. (Applause.)

CHAIRMAN DOLLAR: Above all things, let it be known that the last thing we want is trouble. Every one of us wants to try to arrange to keep the peace between this nation and Japan. (Ap-

plause.) Ignore the yellow journalism that you see so much, and tell the blatherskite to shut up!

This gentleman is right; we want peace. I want to tell you gentlemen—probably I know as much about it as anybody present. We do not want war with Japan, and the fellows that are yelling the loudest about it will be the fellows that will be safe at home if any trouble takes place. (Applause.)

I wanted to make my ideas quite plain to you before any discussion occurred. Excuse my English; it is pretty emphatic.

Now we will be glad to hear from any one that wishes to discuss this question.

A DELEGATE: I just returned from Japan and to sum up the business relations substantially as in the gentleman's speech, there are only three things necessary for the American manufacturer to bear in mind when sending representatives over there who are capable and who have lots of patience.

The first point in obtaining business is that it is necessary for the American manufacturer's representative to make every point clear and every detail of the order in question absolutely clear to the Japanese merchant. He has all the patience in the world to listen to you but I must emphasize that you must repeat three or four times every item.

Secondly, they are perfectly willing, with a business house from America who has the right standing, to cover their entire contracts they will place with you, with a full letter of credit, and they will never go back on their word. (Applause.)

Thirdly, I would like to emphasize very plainly that the trouble which has been in the past between the American manufacturer and the Japanese merchant—seven-eighths of the complaints have been caused right at home here in America. We do not take the trouble to live up to the requirements that the Oriental trade calls for. We slip over the little points of interest; therefore we have trouble.

If the American manufacturer will take the trouble and the pains and also have the patience to manufacture the goods as itemized in his contract, and live up to that, there will be no trouble between the Japanese merchant and the American manufacturer. (Applause.)

MR. H. S. MCKEE (Merchants National Bank, Los Angeles): I regret that I was not able to be here earlier in the meeting—but

I heard the remarks of Mr. Giraud and I heard him express the idea that he was glad that shipping between this country and Indo-China was now being made possible, in order that an interchange of commodities might be effected.

We in Los Angeles have launched the Pacific Navigation community enterprise, backed by the Chamber of Commerce, to give opportunity to deal with the Far East from China to Singapore, and I want to assure Mr. Giraud that we are very glad to have an opportunity to avail ourselves of an exchange of commodities and I hope that anything we can do to further our interests in that direction, that he will give us his hearty accord in this enterprise.

MISS HELENE WILSON: I would like to call attention to the matter of motion pictures in this country which depict Oriental people as being undesirable, to say the least. They are wrong. Anything that builds up misunderstanding is wrong, if we want to get the business, and it seems to me that it is not out of place to suggest some action be taken.

The motion picture industry is one of our biggest industries. It is one of our greatest mediums of understanding. The motion pictures in the Orient are very popular; every one sees them. And unfortunately, we have been sending too many of our cheap pictures instead of our good pictures, showing good, wholesome American life. We must cut out the "Yellow Peril" and the Oriental villains here, and we will all be better friends and have a better understanding. (Applause.)

MR. F. C. KNAPP (Commission of Public Docks, Portland): I can see if I am going to make a speech I have got to hurry; we all have the same idea.

Mr. Teshima, a representative of a foreign country, a representative of a friendly country, has, I believe, called our attention to certain things which he thinks should be remedied. Now while not holding any brief for Japan, I want most heartily to concur. In all of the expressions of our chairman, also, I want to concur, relative to what he said in connection with yellow journalism. And it seems to me that if America ever reaches that goal which she has set; if she ever lives up to those principles that she has laid down in connection not alone with trade at home but foreign trade as well, it will be because she travels along the line of honesty and integrity.

Therefore, Mr. Chairman, inasmuch as I notice that on Saturday at the General Session there are to be reports of group sessions and reports of general convention committees, I wish to move you at this time that we delegate to the chairman of this meeting that which I believe will be a pleasure—the appointment of a committee of five from this group session to formulate the proper resolutions to put before the general committee in order that the world many know that we do not stand for those things which seemingly some parts of this country have stood for; and that with Mr. Teshima, we believe in honesty and fair dealing. (Applause.)

CAPTAIN DOLLAR: Mr. Knapp, we just take what is said here, not as a resolution but as a suggestion; and I will be very pleased to act on it and we will report accordingly.

ADJOURNMENT.

GROUP EIGHT

FOREIGN TRADE AND THE PRESS

Thursday, May 13, 8:00 P. M.

Civic Auditorium

The session was called to order by Mr. Andrew C. Pearson, Secretary of the United Publishers Corporation, New York City.

CHAIRMAN PEARSON: Ladies and Gentlemen, I am going to get this meeting through just as rapidly as possible in justice to you who have come and waited fifteen minutes, that is, those who were on time, and I know you will appreciate it more if we are prompt. "Foreign Trade Promotion Through the Press" is the general subject of our meeting to-night.

FOREIGN TRADE PROMOTION THROUGH THE PRESS.

By ANDREW C. PEARSON

Secretary, United Publishers Corporation

The Foreign Trade Council is the central body responsible for education and agitation on the importance of foreign trade and consequently deserves the credit for the considerable progress which has been made.

It has been recognized, however, that it is now necessary to broaden the interest in the subject of foreign trade so that business men in general and even the entire population of the United States will realize that they are vitally affected by our success or failure as an exporting nation.

This is where the Press can render a great service; and at this Convention for the first time, the Press has been given an important part in the deliberations of the Council.

It is the purpose of this session to outline what the press *can* do and then what the press *will* do to promote this great movement.

The Press may be generally divided into five sections, Newspapers, Magazines, Business Papers, Farm Papers and Religious Papers. There are many smaller divisions but they are related rather closely to one or other of these main divisions. To get the best results, each of these five divisions must handle the Foreign Trade Subject from a different angle, hence each must form a group for supplying proper material and suggestions to the great number of publications in its own field.

There are three functions of a publication which are common in varying degrees to all five groups of papers: 1st, to report or inform; 2nd, to counsel or educate; 3rd, to agitate or arouse.

Newspapers and business papers hold as their principal duty that of reporting and informing, but those publications in these two groups who have the most influence and consequently are most successful have learned the value of giving advice and of agitating.

This is the day of the printed appeal both in informing and educating, hence the publications have a great responsibility in promoting all matters of public welfare through their news and editorial columns.

This convention can make ever so great an impression on those present, but the result will be small unless the publications take it up, as the principal audience is at home in the thousands of towns and on the millions of farms scattered over this broad land.

It is not sufficient to merely report this convention, it must be followed up and new developments recorded from month to month until all the people of the United States come to realize as those of Great Britain and Germany now realize that the future of a country's prosperity depends on foreign trade.

Important lessons in publicity may be learned from the experience of leading advertisers. They have discovered that facts told once or twice *will* attract attention, but they must be told many times to get *action*.

The average association which is convinced that it has a great message seems to feel that human nature ought somehow to function differently in this one case and hence the big message is put before the country occasionally in an academic way and then the promoters wonder at the sparseness of results.

There would be less amazement at the prevalence of certain radical **opinions** if business men would check up the **circulation** of

the yellow papers and find how many times and in what graphic manner these ideas are presented.

The Foreign Trade idea can be put across in this country more quickly than it was ever promoted in any other country, for the publications here are better developed and carry greater influence than anywhere else; but it is first necessary to sell the importance of this work to the publishers and then to organize a definite department for carrying on this work.

It is vital, however, that this department have none of the functions of a "press agent," as all the publications of the country have large waste baskets yawning for press agent material. This subject is important enough to "walk in the front door" of the publishing offices by asking the publishers to organize the movement themselves, rather than trying to slip in the back door which is labeled "press agent entrance."

It has been my privilege to come in intimate contact with the way this promotion work for foreign trade is carried on in some of the other countries and I am convinced that the Foreign Trade Council, working through the five important groups of publications mentioned before, can accomplish most wonderful results in selling this idea to the whole country.

If an experienced advertiser fails to get results on a new product, he looks first to the merit of his product, next to the nature of his presentation, and having found these satisfactory it is then only a question of media, size of space and frequency of his appeal to assure the success. Some things are slower to be received because they are so different that the reader has nothing by which to judge them. That is true of our product—Foreign Trade. The readers of this country have been raised on the "Greatness of our own Country," our "Independence of all other Nations," and our "Avoiding Entangling Alliances," hence it is a great surprise to be offered a new product with labels like these—"No Nation Can be Independent Commercially," "The Price of Living in the United States is Affected by the Price of Living Everywhere Else in the World," "We Must Buy Foreign Securities and Give Foreign Credit if We Are to Sell Abroad" and "The Difference in Exchange has Nullified our Protective Tariff."

No manufacturer putting out a new line of goods with labels as different as these would expect the public to purchase until they

had been educated by a dominating campaign of advertising and a follow-up of most forceful selling.

Human nature is the same whether it is a private enterprise you are promoting or a great public service such as this Foreign Trade Council. You have the advantage however of your message being carried in the editorial columns where there is no cost. This, however, brings the disadvantage that the average editor does not put the punch behind a story that the ad-writer does; and the editor feels that his job is finished when he has told it once, while the ad-writer is just beginning at the tenth insertion.

This difficulty can probably be overcome if the leading publishers in each line can be induced to join leading editors on a committee for their group, and definitely take the responsibility to sell the country on this subject as they did on the Red Cross and the Liberty Loans. (Applause.)

CHAIRMAN PEARSON: The first address of the evening will be handled by Mr. James H. McGraw of the McGraw-Hill Corporation. The subject of this paper is "The Service of the Business Press." Mr. McGraw is not here, but he has entrusted his message to Mr. Lewis F. Gordon, Manager of *Ingenieria Internacional*, of New York.

MR. GORDON: About a year ago we started the Spanish paper in our organization and I chanced to be made manager of it. I discovered shortly after I had achieved that honor that I had a very happy position, indeed, particularly when I was called on to speak in public. If I was called upon suddenly to speak on a subject in which I was very well informed, I could throw out my chest and explain that being the manager of an international publication I was in a position to take a very broad view of the public and could deliver my message very authoritatively. On the other hand, if I found that the subject allotted to me was one of which I knew little or nothing, I could explain that being the manager of a Spanish publication, I did not speak English very good and so my remarks must be very few. (Laughter.) However, this evening I am not going to speak at length or briefly, inasmuch as I am delivering the message of my chief, Mr. McGraw, who unfortunately could not be here this evening as business in New York detained him.

SERVICE OF THE BUSINESS PAPERS TO FOREIGN TRADE

By JAMES H. MCGRAW

McGraw-Hill Corporation

It is a great pleasure for me to present this address before this Convention, because the aims and purposes of the National Foreign Trade Council fundamentally are the same as the aims and purposes of the business press with relation to the development of our foreign trade.

Foreign trade to hundreds of manufacturers in this country has been a name only. It is trite to say that the average American manufacturer has thought only in terms of his domestic business for so long that it is usually the exception, rather than the rule, for him to be thoroughly familiar with his opportunities and his responsibilities with regard to foreign trade. I believe one of the greatest forces at work to promote the cause of foreign trade in this country is the National Foreign Trade Council, which has become a potent factor in the building of intelligent public opinion in this country.

MOLDING PUBLIC OPINION FOR FOREIGN TRADE

It is because the National Foreign Trade Council has seen its opportunity to help lead and mold public opinion in the development of a foreign trade policy for American manufacturers that I see the particular opportunity for its partnership with the business press. The development of a better understanding of our foreign trade needs and our foreign trade responsibilities is an educational movement, and through the medium of the business press the manufacturers may learn in detail in their several industries something of the opportunities for trade extension in their particular fields.

Newspapers have been and are performing a splendid task in developing a better public appreciation of our general responsibilities in foreign trade, but the industrial public, the manufacturers, the engineers, the merchants of our country want to know how

they can take advantage of the general opportunities which the National Foreign Trade Council has so definitely urged.

There are two broad classes of business journals in this country which are functioning to help meet this great problem. First, there are those journals published in this country whose circulation is primarily in the United States. It is the function of these journals to take up the problems of the American manufacturer as an exporter of goods in connection with the other problems that they present to him, and this large group of business papers can do much to arouse the manufacturer to his opportunities in the foreign field.

Then there is a large group of journals which are published in this country, but are presented from the viewpoint of the foreign buyer and the importer in other countries, whose circulation is found in the countries outside of the United States. These papers are printed in different languages, and concern themselves fundamentally with the problems of the buyer of American goods, rather than with the problems of the seller of American goods.

THREE FUNCTIONS OF THE BUSINESS PRESS IN REFERENCE TO FOREIGN TRADE

There are three direction in which the business press can function in reference to foreign trade. It can

1. Assist in awakening the business man to the effect of foreign trade as a stabilizer and of its necessity as an outlet for definite increase of our industrial production;
2. Gather and publish information regarding the conditions in foreign lands which affect our trade opportunities; and
3. Spread the knowledge of American goods in foreign lands.

The need for exercising the first of these functions—the awakening of the business man to the stabilizing effect of foreign trade and of its necessity as an absorbent of surplus production is still one of very great importance indeed. It has been the theme of many a paper before foreign trade gatherings. Nor is it necessary to emphasize again the reason why the business press has a special mission in this regard. That has been amply developed in the introductory remarks to this paper.

It is pertinent to point out, though, that foreign trade will never become the factor it should be in the commercial life of this

community until there is a "mass movement" into export trade. This must be preceded by an understanding of its importance, and then accomplished by intelligent co-operative effort. The relatively small corporations, as well as the few dominant ones in each industry, must sell goods abroad. The mass movement should receive its greatest stimulus through the sort of educational work which the business press is particularly fitted to do. Even a business paper with as small a subscription list as 5,000 reaches far beyond the confines of the dominant corporations in its industry and is in a position to preach the doctrine of foreign trade to every organization with strength enough to engage successfully in export work.

Nor is educational effort along the lines of the effect and advantages of foreign trade alone sufficient to bring about the result we desire. It is necessary to awaken international sympathies and to create international thinking in all lines of business. We must break down the insular barriers in both our thinking and our action. They will not fall easily, but only after constant hammering and bringing to bear every resource of fact and logic.

Moreover, while we are working toward the desired goal, the business press can do yeoman service in bringing heavy influence to bear on specific issues. For example, when the Appropriations Committee of the House of Representatives in February cut the appropriations for our foreign trade promotion work, the business press in every line pointed out the certain serious effect of such curtailment and urged upon its readers the expression of their views to their representatives in Congress. The need for crystallization of views on such issues will occur constantly and the business press can be counted on to do its part in unifying opinion and securing action.

No reference need be made here to the part the business press must play in the discussion of the need for foreign investment, of the financing of foreign trade, of the necessity for a large and healthy merchant marine, or of the necessity of developing our imports as well as our exports. Obviously, discussion of such subjects is a necessary part of the only kind of foreign-trade educational campaign which can develop permanent results,

INFORMATION REGARDING CONDITIONS ABROAD

Until recently, the business press has functioned mainly in relation to domestic affairs. Since 1914, however, there has been a rapid increase in the variety and intensity of business paper effort on foreign trade, and, as you well know, it has been a very potent factor in stimulating interest and activity in this trade.

There has been a very lively recognition by the business papers, of the importance of foreign trade news, and, though slow and difficult, has been the development of sources of information, much has been accomplished along these lines and from now forward the task will be easier.

The reason for our former neglect of foreign trade interests is obvious enough. The vast volume of our trade in manufactured goods has, in the past, been largely domestic and our business papers, serving their field, were satisfied to act as purveyors of information regarding domestic conditions and developments only. But as American business takes on an international scope, so must the business paper expand. It will no longer do to be concerned with domestic conditions only. World conditions must be interpreted. The American manufacturer and merchant must be able to get from their business paper the same sort of information regarding foreign trade that they now get regarding domestic trade.

Already substantial progress has been made along these lines. The sources of information are various, but the leading journals are working toward reliance on carefully selected representatives. It is not the function of these representatives to uncover and report for publication specific orders that are shortly to be placed, but rather to report general conditions that affect our foreign trade and to indicate in a broad way the needs of the country along the special lines in which the particular journal is interested. It is obvious, however, that as any phase of foreign commerce develops, these representatives must be on the alert to study, analyze and crystallize its importance.

It is obvious that business paper editors are especially qualified to study and appraise the favorable and the limiting trade factors. They understand their industries, and they are accustomed to study conditions and to interpret them according to the characteristics of the industry. Moreover, they know how to present facts so as to make themselves most authoritative interpreters

of foreign trade conditions, and through their journals place these interpretations before their readers.

BUSINESS PRESS BRINGING NEWS OF DEVELOPMENT IN FOREIGN COUNTRIES TO AMERICAN MANUFACTURERS AND AMERICAN BUYERS

One vital way in which the business press is functioning in connection with the promotion of a better understanding of foreign trade is to bring to the attention of the American manufacturers what is being done by competitors abroad who are seeking the same markets. In England to-day in every line manufacturers' associations have either been developed or knit closer together by the war emergencies. Following the war they have taken active steps in promoting their own export relations to other countries, and the business press has the opportunity through its foreign correspondents and the establishment of editorial offices to keep in touch with and to report these developments.

More than that, because of the close association that exists between the business press and its own clientele there has been on occasion the opportunity to emphasize the mutual values of important export relations between our manufacturers and the manufacturers abroad. The Dry Goods Economist, published by the Textile Publishing Company, of New York City, for example, has had a very close relation to the development of the Irish Linen Association, and the representatives of that journal have found a unique opportunity to be the emissaries of a better understanding between the merchants of this country and the Irish linen makers.

This illustrates also the fact that because the business paper is close to its field and because it sees the necessity for making first-hand studies and investigations of situations, it has an unique opportunity for leadership in the establishment of a better understanding of export or import trade relations of our own manufacturers or consumers.

SPREADING KNOWLEDGE OF AMERICAN GOODS ABROAD

The third function of the business press is to act as an advance agent for American goods abroad. In this respect, the business press already has an enviable record—a record stretching

back a score of years. Business paper reading matter, as well as advertisements, are constantly stimulating sales of American goods and machinery abroad. Tales are common of even heavy machinery ordered by cable on the sole basis of a business paper description, record of performance or advertisement.

This foreign propaganda function was a by-product, not stimulated prior to 1914. No attempt was made to secure foreign subscriptions. They were bought, not sold. Since 1914, a new attitude has developed and publishers of business papers are making and will continue to make the strongest efforts to put their periodicals into the hands of influential foreign readers.

Nor are these efforts confined to placing our American editions in foreign hands. Special foreign editions are being printed in a number of instances, while several new business papers, printed exclusively in foreign languages, have been established. The "World-Wide" numbers of the *Dry Goods Economist*, published by the Textile Publishing Company of New York, are an instance of the first class of expansion, while *Ingenieria Internacional*, published by the McGraw-Hill Company, Inc., of New York City, a general engineering magazine in Spanish, and *El Automovil Americano*, published by the Class Journal Company of New York City, a magazine in Spanish devoted to American automobiles and motor trucks, are examples of publications printed in foreign languages.

EDITING AMERICAN PUBLICATIONS FROM THE FOREIGN BUYERS' VIEWPOINT

I have indicated that there are two classes of papers in this country interested in foreign trade, first, a class of domestic circulation primarily having to do with the problems of the American manufacturer and merchant as an exporter, and, second, the papers having to do with the problems of the foreign buyer as an importer. The establishment of the engineering journal in Spanish, *Ingenieria Internacional*, is an example of the purpose and function of the business papers in the second group. There existed practically nothing in the way of a general engineering journal in Spanish before the establishment of this paper. Eminent engineers in Spanish-speaking countries had pointed out that they would welcome a journal which took up fundamentally the engineering prob-

lems of their country, and they indicated that the industrial development of their nations rested in no small way on the engineering development of those nations. They urged that a journal having to do with the engineering problems of those countries would be of real service to them.

It was on the basis of a careful analysis and study of conditions in these countries that the paper, *Ingenieria Internacional*, was started, written not from the point of view of the American manufacturer as an exporter, but from the point of view of the Spanish-speaking engineers and industrialists as importers, and acquainting them from this point of view with the methods in their country or in the United States which would help them solve their local problems.

How intimately an engineering journal may enter into the export problems of this nation is illustrated as follows:

Buying of electrical machinery is based upon certain specifications. The standards for specifications of Germany, of England, of the United States, of France, differ. In order that the South American engineer might know what these standards are, the editors of *Ingenieria Internacional* have analyzed and are presenting in the journal fundamental American standards, and are showing the relation of these standards to the standards of other countries, so that American electrical machinery may be bought hereafter with an understanding on the part of the South American buyer of exactly what the specifications mean.

In no type of merchandising can the American publication printed in a foreign language be a more potent factor than in developing the sales of machinery and equipment. No one will dispute the fact that American machinery and equipment will never be sold properly in any foreign country until there is among the engineers and industrial executives in those countries some understanding and appreciation of American methods and engineering practice which involve the uses and application of such machinery and equipment. This is the very basis on which *Ingenieria Internacional* was established. The American engineer or executive abroad is most keenly appreciative of the influence which this type of publication can have in the countries where he is engaged in working.

Still another class of foreign trade promotion by business papers is illustrated by the editions of American papers published

abroad. Of these the European edition of the *American Machinist*, published by the McGraw-Hill Company, Inc., of London, for some 22 years, is a good example.

There have been various projects for opening the Russian market with specialized magazines in Russian devoted to American methods and products, but these are necessarily in abeyance under present conditions.

American periodicals, particularly the engineering periodicals, have penetrated into many lands. Engineers the world over have certain purposes in common, and those who speak the English language have come to rely upon engineering periodicals of both the United States and Great Britain as an interchange of ideas and information on the best practise. *London Engineering*, published in London, for example, is an international paper, and several journals in the United States have a high percentage of their circulation among engineers and others abroad. *The Engineering and Mining Journal*, for example, published by the McGraw-Hill Company, Inc., of New York, reaches into practically every mining field in the world.

CONCLUSION

Although the great work of the business press in its relation to foreign trade has only just begun, it is safe to say that every business paper in the United States, is awake to its opportunities, its responsibilities and its duty. The general recognition of these factors is already in evidence—the final form into which action will crystallize is yet to be reached. It is too true that their preliminary work has not been above criticism. But they, too, have suffered from the inertia that has characterized the general attitude of our business men toward foreign trade, though, in justice it must be said that the more progressive of them previous to 1914 tried preaching a doctrine which they knew to be sound, but which apparently fell on deaf ears. Now, with the business mind in a more receptive mood, they are improving through mutual criticism and appreciation, preaching the doctrine of the stabilizing influence of foreign trade, throwing light on pertinent foreign conditions and going forth to spread in foreign lands the knowledge of American goods and equipment.

And where American business goes, it will find the American paper already in the field.

For it is as a herald and a pioneer that the business papers pledge themselves to-day to the service of the export trade of the United States. (Applause.)

CHAIRMAN PEARSON: The subject is divided into three departments to-night and we will allow just a few minutes for questions or discussion on this subject of the "Service of the Business Press in Foreign Trade" before we take the next classification.

MR. H. W. KNOLL (Fisher Advertising Agency, San Francisco): I would like to ask how you get your foreign subscriptions.

MR. GORDON: Primarily through direct representatives. Taking the Argentine as a specific example, we have placed in charge there a general manager and he, working from that office, appoints general superintendents. All of those men work for us on a salary and they in turn appoint local representatives who are provided with our present circulation lists. They go in, solicit and obtain the paid subscription of the engineer and industrial executive, giving us a standardized report as to his position, the kind and character of work and the company with whom he is associated. We get a hand-picked list. That primarily is the method that we are employing. We have two men traveling in Mexico, one in Cuba and two in Spain doing the same thing.

CHAIRMAN PEARSON: I was a little embarrassed for the speaker when the question came, because it is a difficult thing to tell how you get circulation for export papers, but I will say he made a good answer.

MR. KNOLL: I asked that because in starting on a new publication of that kind in a foreign land it is more difficult than to do it domestically.

MR. GORDON: I might say further that it took us practically a year to get that subscription organization functioning, but before the year had elapsed, we had received five thousand and forty paid subscriptions. They were sent in voluntarily. Our paper is just a year old.

CHAIRMAN PEARSON: In the meantime you were distributing many more papers, were you not?

MR. GORDON: Yes.

CHAIRMAN PEARSON: You can't go out on a dummy and get subscriptions. You have to begin publishing, especially a paper

to foreign countries, so there is an interim in which your main circulation is free circulation. Much as we would like to disguise it, it seems to be true; but with plenty of courage and money you can gradually get them paid for.

I think it is well to add here that the opportunities our manufacturers have in foreign countries to-day, have been built up by publications, by the missionary work of publication. It is done in two ways: First, on the manufacturers themselves to arouse them to a necessity of foreign trade and inspire them with the ambition to sell abroad; and second, on the other side by telling about American products and what the possibilities are of handling them to advantage.

We will now take another branch of publishing which has been coming into its own rapidly in the last few years. It has not been so very long ago since agricultural papers were not so much considered; but to-day they are the best organized bunch of publications in the United States, and I take off my hat to the farm papers. We will now listen to an address by Dr. G. Howard Davison, President of the American International Publishers, Incorporated, on "Foreign Trade Promotion Through the Agricultural Press." (Applause.)

SERVICE OF THE AGRICULTURAL PRESS

By G. HOWARD DAVISON

President, American International Publishers, Inc.

For thirty years I have been closely associated and identified with the agricultural and livestock development of the United States and so deeply interested in it, that it is indeed a pleasure and no less an honor to take part in this convention, which has for its purpose the extension of our trade relations with foreign countries.

It is no exaggeration to state that the agricultural papers of the United States are responsible for the agricultural methods we are following to-day.

These weeklies and monthlies from their very beginning have preached the gospel of better livestock and better methods for tilling the soil. Every improvement in method and every improve-

ment in machinery has been carried to the farmers of the land through the agricultural papers. No factor in this country has been so important in developing the sale of our multitude of constantly increasing improved machinery for saving manual labor and for efficiency and economy of production.

The farmer owes a debt of gratitude for the information that his publications have brought to him and the manufacturer owes a debt of gratitude to the publishers far beyond what he pays for in advertising.

What the agricultural press in general has done for the manufacturers of machinery at home, it can do also for them abroad and this brings me to my subject of "Foreign Trade Promotion Through the Agricultural Press."

It is singularly appropriate, at the present time, that we should recognize the value of the press in the missionary work which this country is planning to do in the great South American Republics. "It used to be said, that trade follows the flag. To-day, it is acknowledged that trade follows the news." This statement, made by Edward L. Bernays in an instructive article recently published in the Association News of the American Manufacturers Export Association, in a very large measure defines the character and scope of the work which a journal ought to perform. It presents both the opportunity and its limitation; for trade follows the news; but upon the completeness and impartiality of its treatment, the news determines the character and permanency of trade relations. In laying the foundation, therefore, for the projects which I shall discuss, it is well to bear in mind that every agency which is established, or may be established, to further the interests of the Americas must treat of the various phases of trade relations as good neighbors treat with one another. One of the most serious handicaps to mutual understanding between North and South America has been the prejudice engendered by sharp practice. I cannot speak too emphatically on this point. If we want to win the confidence and hold the respect of Latin America our every act must be assured by a square deal.

Soon after the outbreak of the war, when it became apparent that the way was opened for more friendly relations with our neighbors to the South, it was the good fortune of the publishing house with which I am identified, to suggest opportunities for the expansion of this trade to the officials in charge at Washington.

The importance of the South American field was appreciated by the Government. A valiant attempt was being made to reach the great Republics to the South of us, and on the whole, a very successful attempt; but the situation was somewhat difficult because there were no important points of contact with South America through the medium of a common agricultural interest. Of all branches of international trade relations, the agricultural intercourse between the United States and South America was least developed. Argentine, a great cattle country for example, had been importing practically all of its foundation stock from Great Britain. South America had not been receiving the necessary news which would tend to a friendly and constructive idea of the agricultural and commercial resources of our country.

There are two points of view from which the importance of the agricultural journal in international economics may be considered—the point of view of political relations between different countries, and the point of view of their effect on trade relations. The subject is made the easier to handle because there is no essential difference between those two phases of our problem. The political result follows the economic as surely as iron filings follow the magnet. The essence of international friendship has been the balance of power: statesmen have attempted to bind it into permanence by treaties; but the war has taught us that national friendship resides in trade and nothing else. In individual human life, business relations are the best foundation for social intercourse and friendship. That is equally true of nations. The difference is purely one of method; in the case of individuals, the result follows naturally, without conscious effort, whereas in the case of nations it is the reward of painstaking effort. What place can the agricultural journal play in this work?

My answer is, that they take a leading rôle, for the simple reason that agriculture itself is the foundation of human well-being the world over. Nothing goes deeper than the food problem. We are living in an age of stress and strain, a period of difficult readjustment that has always followed great wars. The reason is not hard to find. When for five years the world has been intensively wasting raw materials, the finished product, the means of production and the sources of supply, it must find itself at the end of that time in a condition of world wide poverty which breeds discontent and unrest. Bolshevism and revolution are not

to be fought with the sword nor with the pen of the legislator; they can be met successfully only by restoring the world to the prosperity and plenty it has wasted. Good food at reasonable prices will stifle agitators more quickly than the hangman's noose; the cornucopia of plentifulness will disarm the revolutionist more effectively than the policeman's club or the soldier's rifle. And to all this, food is fundamental and food means agriculture, neither more nor less.

We should be making a most serious mistake to think that the food problem is only national. It is an international issue of the most urgent character. Solving the problem in the United States without solving it in Central Europe, Russia, France and England will not safeguard our own country. The virus of unrest is potent and infectious. No degree of care at the ports of immigration will keep it out of the United States so long as it flourishes anywhere else on the face of the earth. And no degree of local effort will solve it anywhere. The only solution is co-operation. It is one in which America—no! the Americans—must lead, because the Americans are to-day the most prosperous, the wealthiest. Out of our plenitude we must assist the world to its feet. The path is one of economic reconstruction.

When we increase the prosperity of any nation, we increase its purchasing power and, therefore, as a producing nation, we increase our own prosperity. A chain is only as strong as its weakest link and the countries of the world to-day are so interdependent that unrest and lack of prosperity in any one effects all others.

The place of the agricultural press in this work is clear. It must act as a clearing house of information, a universal point of contact, a stimulus to production in old fields and to effort in new ones. The agricultural press must be a good trade press, a combination of consular reports, international bulletins, technically sound and economically progressive. It should bind the food producers of all nations to close co-operation by the ties of common humanity, opportunity and duty. It should blaze the path for new departures which will increase the productivity of well established fields. It should, by developing old markets and opening new ones, create the opportunity for legitimate profit which is the fundamental stimulus to economic effort. By doing these things, it will not only help to solve the food problem through the medium of international co-operation and improved technique of

production, but will also help the food producer of each nation to find outlets to new markets abroad and to create in his own territory an absorbing market for foreign products. In doing this, the agricultural press works effectively towards the establishment and maintenance of sound international trade balances.

Of all possible fields of development, it is easily an ultra-conservative statement that the greatest is South America—South America is to-day agriculturally the heir of the centuries. Its resources still overbalance its population by a tremendous disproportion.

The United States can play a great rôle in the development of South America. It is no exaggeration, in fact, to say that the United States can play the leading rôle. The agricultural press, journals of standing and importance, should carry the message of the progressive North American farmer to our neighbors in South America. The world is the pulpit of the agricultural press. It should carry the message of improved machinery and of a better type of breeding stock. It should tell the story of more successful planting and harvesting methods. It should publish the romance of new lines of departure—new crops in old places, and staple crops where hitherto there has been thought to be a desert. The real source and motive power of human education is the interchange of experience between man and man; this is the function which the agricultural press of the world should perform for the most important world citizen of to-day, the farmer and food producer. There is a real need abroad and especially in South America for American farming methods and machinery—for the American harvester, binder, reaper and mower; for American-made tractors and silos, and so on indefinitely.

The farmers of the United States last year received twenty-five billions of dollars for their products, a far greater income than is received by all our manufacturing industries. The farmers collectively have by far the greatest purchasing power of any class in our population. They are reached more easily and more effectively through the agricultural press than in any other way because they read and have confidence in the agricultural papers for which they subscribe. Why the manufacturer of general utilities and necessities, yes, and luxuries, have not followed the manufacturers of farm machinery in using the agricultural papers

to a greater extent for reaching this enormous clientele, I have never been able to understand.

Now, consider that the percentage of the population engaged in agriculture in most of the Republics of Latin America is more than twice as large as in this country; the territory is larger; they are behind us in agricultural development and their needs and requirements are greater. How important a part the agricultural press can play in our trade relations with such existing conditions!

In connection with South American trade, let me take a moment to point out a danger and a way to avoid it—the danger of misunderstanding between the sister continents of the Western Hemisphere. It is a danger which was emphasized by Mr. Bernays in the article I have mentioned once before. He says, "From 1917 until the disbanding of the Committee on Public Information, unremitting effort was directed to convince South America that we are not an imperialistic country, that we do not desire to gobble them up or deprive them of their independence, but that on the contrary we feel a clear national responsibility in fostering their own untrammelled growth toward stable freedom. Since that time, however, the myth of the great Yankee colossus has again been allowed to grow. Our position with regard to Mexico in this respect is totally misunderstood by South and Central America, and little is being done to counteract the effects of such misunderstanding. On the contrary, the field is open to every malicious rival agency to foster this misunderstanding with a view to handicapping our commercial development in that Republic."

The danger is a real one, and a very serious one. It is of this substance that wars are made. Human beings have learned to suppress most of their fighting tendencies as against each other, because there is a police force to punish them if they do; instead of fighting, therefore, they reason with each other. But there is, unfortunately, no such agency to suppress armed combat among nations. It is, therefore, of transcendent importance, in this case, to create a mutual sympathy and understanding. The agricultural press of the two continents can do a fine and valuable work here, by clearing away the mists of uncertainty and laying a sound foundation of international understanding.

Here then is the duty and opportunity of the agricultural press of the world. It can disseminate information, open markets, improve methods and further international understanding. By

doing these things, it will help to allay world wide unrest by the only method which can possibly work—namely by increasing production, restoring the world's economic stability, reconstructing the prosperity of a universe impoverished by five years of reckless destruction. What Franklin said of his colleagues in the American Revolution, the world's leaders of statesmanship and industry are to-day saying to all the peoples of the earth: "United we stand, divided we fall." Let the agricultural press of the world do its share by building ties of international friendship and co-operation, to the end that we may weather this stormy period without the loss of the good Ship of State. (Applause.)

CHAIRMAN PEARSON: I can see Mr. Davison has a valuable article there for his Spanish paper. I think the same article would apply to the agricultural papers that go to the Orient or maybe we might send it over to England.

Are there any comments on this paper? If, not, we will take up the last subject on the program which is probably the most vital subject of all because it is first.

Let me say, though, in returning to the farm publication for a minute, I was in conference recently on a very serious subject in relation to our domestic affairs and we were trying to figure out how we could get a piece of legislation through the Congress of the United States because there was opposition from the labor unions, and they have a very powerful lobby and cast a very large vote. We finally found out how we could do it. We could put on the other side of the fence a proposition that appealed to women on the one side and the farmer on the other, so we said good-bye to the labor unions as they had no chance. When Mr. Davison mentioned the farmer as a political power, I appreciated it.

The export publications were the first to do anything for foreign trade. All the rest of us climb into the band wagon after it is started, so we will take as the last, those that were first, and call on Mr. Franklin Johnston of the *American Exporter*, New York City, to talk to us on "The Export Press."

FUNCTION OF THE EXPORT PRESS

By FRANKLIN JOHNSTON,
Publisher, "AMERICAN EXPORTER."

Mr. Chairman, Ladies and Gentlemen: The interest in foreign trade has grown so tremendously in the last few years—1914 usually being taken as the turning point—that we sometimes overlook the fact that foreign trade on the part of the United States or on the part of North America is not absolutely new. In the case of Oliver Cromwell, the British Parliament legislated against the American manufacturers because they were competing too strongly in the British market. That has a very modern ring in some ways.

In ship building and ship operating during the years after the Revolutionary War, the greatest volume of foreign trade was carried not by British ships, but by American ships, a situation which was changed afterwards due to economic causes partly founded on the introduction of iron ships and partly on the Civil War.

The first Pan-American conference was held in 1898 and incidentally, there was a dispute at the time between the President of the United States and the Senate, with the result that the Senate did not appropriate funds for the American commissioners until after the conference at Panama had concluded. That also has a modern ring.

The point of those remarks is that that intention on the part of not only a limited number of people in foreign trade began at the settlement of this continent, but there have been business papers devoted to export trade for over forty years, and it is on behalf of that group of papers that I have been asked to speak to-night.

The first export papers were started in this country about the time of the Philadelphia Exposition in 1876, that event symbolizing, in a marked degree, the importance which American manufacturing had arrived at.

The chief function of the export trade press is to promote foreign interest in American exports.

The domestic press arouses the American business man here

at home to the opportunities and benefits of foreign trade, and helps mould public opinion as to the needs and requirements of that trade.

The export press, on the other hand, with its circulation almost wholly abroad, addresses itself direct to the foreign buyer, stimulating his interest in American methods and American merchandise, and thus creates trade.

The domestic press urges tractor manufacturers, for example, to go after export business, to allot a given percentage of their output to foreign trade irrespective of the home demand, to study the needs of the foreign buyer and to adopt a broad-gauge export policy. The export press urges the farmer and merchant abroad to buy American tractors, shows what they have accomplished in this country, describes the latest developments in the industry, reports the national shows, and in these ways promotes foreign business in this line. As in the case of tractors, so in scores of other lines.

Recently, under the auspices of the National Foreign Trade Council, a committee representative of the American export trade drew up standardized definitions of export terms such as "F.O.B.," "C.I.F.," and "F.A.S." The domestic trade press gave national publicity to these standards by publishing them in this country. The export press gave them international publicity, by publishing them in four languages and circulating them in all foreign markets.

As a typical example of educational work among merchants abroad on behalf of our products might be cited a series of articles now running. In this series, methods of paint and varnish manufacture and distribution in this country are comprehensively treated for the benefit of foreign readers. This series takes a foreign buyer through the various departments of an American paint and varnish manufacturing establishment. It explains the details of manufacturing the highest grade products, tells how to buy intelligently, and how to educate the ultimate consumer to demand quality merchandise rather than low prices. The foreign reader is given the benefit of the experience of American manufacturers and distributors in his line, and shown how he may adapt this experience to his own market.

In the paint and varnish industry, and in many other industries, new and improved methods of manufacture and distribution have been perfected in this country. This process of improvement goes

on continuously. We have in this country a market so huge as to demand and justify this constant perfecting.

The export press gives world-wide publicity to such improvements, the reasons for them, and the advantages gained by them. Very often conservative buyers in foreign markets are inclined to be prejudiced against innovations. The educational work of the export paper helps materially to overcome such prejudice and promote the adoption of our newer methods.

When great emergencies arise in this country which temporarily impede the orderly process of foreign trade, such as strikes, harbor congestion, shortage of raw material and exchange difficulties, it is the export press which interprets these events to the foreign merchants and takes the burden of such explanation off the individual exporter.

In these days when national consciousness in every country is so much in evidence, it is easy for actions or policies to be misunderstood and misinterpreted, particularly when reported only by abbreviated cable messages or sensational press reports. The export paper is in a position to present the true facts to our foreign customers, men whose influence on public opinion and on foreign affairs is very great. One of the duties of the export press is to help expose the fallacy that international trade is a kind of warfare, instead of being an exchange of products and services to the mutual advantage of the countries involved.

Since the editorial aim of the export paper is to reach the importer abroad, information useful to the exporter in this country is, as a rule, published separately, either in supplements, bulletins or separate papers, or in the form of research reports, and does not appear in the publication itself.

The advertising pages of any trade or technical paper are as interesting and valuable to the reader as the editorial pages,—perhaps more so. This is particularly true in the case of export papers, for the importer abroad has a more direct dependence upon the printed word than the merchant here at home. Salesmen cannot call as frequently or be summoned on short notice by 'phone, telegram or letter, as in this country. A single exchange of letters may take two months. The importer must of necessity buy more largely by correspondence and less by personal interview than here, where merchant and manufacturer are within easy distance of each other.

In its advertising pages the export press offers a medium for the individual manufacturer or merchant to acquaint the foreign buyer with his specific product. These pages being so utilized by hundreds of manufacturers, constitute for the merchant abroad an invaluable buyer's guide to American machinery and merchandise.

Advertising in export papers has been the initial step taken by many manufacturers towards cultivating foreign trade. Such advertising is used both by small manufacturers, some of whom use no other form of foreign sales promotion, and by large manufacturers with their own branch establishments in the principal foreign countries.

The export press in this country came into existence a little over forty years ago. The Centennial Exhibition at Philadelphia in 1876 was the source of inspiration, for that event symbolized the growing manufacturing power of the country.

The development of these papers kept pace with that of export trade, and in recent years has been very great, both in size and numbers. The number of important export publications or separate editions of such papers has more than doubled since 1917, and includes both general trade papers and class publications.

Export papers are published in separate English, Spanish, Portuguese and French editions. These are the chief commercial languages of the world to-day.

English editions of the various export papers cover northern Europe, including Great Britain and Ireland, Norway, Sweden, Denmark, Holland, Finland, as well as South Africa, Australia, New Zealand, British West Indies, China, Japan, India, the Dutch East Indies and Straits Settlements.

French editions cover France, Italy, Belgium, Switzerland, Greece, the Balkan States, Northern Africa, Egypt, the Levant, French and Belgian Africa, Indo-China, Hayti and the French West Indies.

Spanish editions cover Spain, Cuba, Porto Rico, Mexico, Central America, South America and the Philippine Islands.

Portuguese editions cover Brazil, Portugal and the Portuguese Colonies.

The extent to which these four languages meet the needs of the situation may be gathered from the following facts: Out of over 7,000 commercial letters from foreign merchants to American exporters translated into English by a large translation bureau during

a recent typical month, 47 per cent. were from Spanish, 33 per cent. from French, 10 per cent. from Portuguese, 5 per cent. from Italian, 2 per cent. from German, and the number of letters translated from all other languages combined, including Chinese, Japanese, the Scandinavian languages, Dutch and Russian, was less than 3 per cent.

In developing the circulation of an export paper, the problem is, of course, to bring the paper to the attention of those particular merchant houses and industrial plants which are in a position to import or use American manufactured products. Quality rather than mere quantity of foreign circulation will be the determining factor in such a paper's service to American foreign trade, for ten copies in the hands of merchants who import are worth a thousand in the hands of those who deal exclusively in native products.

The increased attention which American manufacturers have been giving to export trade during the past two or three years is a matter of common knowledge. This interest has been reflected by a considerable growth in the volume of the advertising pages in the **export papers**, as well as in the number of export publications. It is gratifying to know that there has been an equally marked increase in the interest shown by foreign buyers. This has been reflected in a larger volume of paid subscriptions for export papers, and a larger correspondence with merchants abroad. One export edition has increased 100 per cent. in paid circulation in the last year, and another edition over 70 per cent.

Service to reader and advertiser is a factor in the work of the modern trade or class publication, and it is safe to say that nowhere has such service been more highly developed or more elaborate than in the case of the export press.

Readers abroad are supplied with lists of manufacturers, and their inquiries for goods are published in bulletins distributed to manufacturers.

Manufacturers here at home are given a comprehensive service, including assistance in solving export questions. The principal employment of the editor of an export paper is conferring with manufacturers, rendering advisory service in regard to export policies and specific foreign trade problems.

Here are typical examples of export problems which the editor is called upon to help solve:

Methods of payment on "special" machinery, built to specifications.

Facilities offered by foreign freight forwarders.
Forms of invoices for shipments to Australia.
How to prepare a private cable code.
Methods of collecting foreign drafts.
Marks suitable for a check writer in the Portuguese language.
Registration of trade-marks in foreign countries.
Languages to be used for export catalogues.
What "irrevocable bankers' credits" and "documentary drafts" are.

The whole great subject of export representation is a question which calls for numerous conferences. Coupled with that subject is that other eternal question,—how to handle business through export commission houses.

Of the many different inquiries for advice, probably the most important of all is how to turn inquiries into orders. Manufacturers are constantly submitting for suggestions copies of letters which they write to merchants in foreign countries who have shown interest in their goods.

Service is also furnished in the shape of research surveys of foreign markets, lists of prospective dealers and agents, foreign credit reports, and translations of correspondence and catalogues.

One of the problems of the export papers has been the translation of highly technical terms into foreign languages, these terms often being originated in this country as the result of recent inventions. Especially in the Portuguese language, but to a considerable extent in Spanish also, the export publications have had to practically originate many new technical terms, and those so originated have subsequently become standard throughout the Portuguese and Spanish speaking countries. When it has become necessary to virtually coin a term for new machines or parts of machines, it is found that subsequently the same term that has been introduced by the export press comes back to this country in correspondence from abroad, in circulars issued by foreign firms, and in technical papers published in foreign countries.

Through the translation work which they have performed for manufacturers, the export papers have also been able to standardize to a considerable extent technical terms which formerly were used indiscriminately by translators, merchants and manufacturers, causing confusion and misunderstanding. Now, however, with this international standardization has come a great increase in the facility

and convenience of carrying on foreign trade correspondence. This is one of the by-products of the work of the export papers.

It is a natural law of trade that the interchange of products between communities tends to increase from year to year, as civilization becomes more complex and means of communication more frequent and rapid.

With this growth of international trade there will be a greater and greater demand for information about American products. There will be greater need for the export press than ever before. Notable as has been the development of that press in the past few years, it is to-day but on the threshold of opportunity afforded by the expanding future. (Applause.)

CHAIRMAN PEARSON: To show the advantages of having a number of markets, I was speaking at a dinner in London and seated next to me was Mr. Williams of Haig and Haig. After I finished, Williams was called on. He said, "Now this Yankee evidently feels that the concern of Haig and Haig is about to go out of business after the violent disruption in America, but we are now just able to supply some of the other countries that have been wanting supplies and when you want them again, you will probably not get them, because we will stick where we are safe."

We have a telegram from Secretary E. J. Meredith of the department of Agriculture, and I will ask our secretary, Mr. Dickie, of the Pacific Marine Review, to read it.

MR. A. J. DICKIE: The telegram reads as follows:

"I regret keenly that previous engagements prevent my attending the Seventh National Foreign Trade Convention. Please accept my best wishes for a successful conference. I think it is highly desirable that the farmer should understand the importance of foreign marketing. He loses sight of his products when they pass out of this hands into those of the local dealer. It is, therefore, not brought home to him in the ordinary course of business that if the foreign outlet were blocked, there would be left in this country frequent surpluses that would produce disastrous effects on the prices he receives. In 1919, the export business in agricultural products constituted approximately fifty-five per cent. of all export business. Agricultural products exported are worth about four billion, two hundred and fifty million dollars, while all other products exported were worth three billion five hundred million

dollars. The Department of Agriculture is prepared to furnish information regarding foreign markets. The Bureau of Markets, through its foreign marketing service, makes available information on foreign supplies, assists in establishing standard grades, not only to improve the quality of American products, but to facilitate trade and investigate shipping and storage problems to aid in placing American products on foreign markets in good condition. A representative stationed in London is devoting his time to putting American producers in touch with British markets. Plans for placing additional representatives at other strategic points abroad are under consideration. Agricultural trade commissioners are sent to foreign countries when opportunities to open up new markets appear promising. Summaries of foreign trade information are published weekly in the market reports of the department. The department seeks and desires the co-operation of all interested individuals and agencies in its efforts to promote foreign trade in agricultural products."

MR. ENRIQUE GIL (Aldao Campos & Gil, New York): I should like to say a few words, if I may, about the great influence and importance of the foreign press in the development of foreign trade for this country, but adding also a good word for the local press of the different countries in developing the foreign trade of America.

While the foreign press is certain to reach the agents and to secure agents for the manufacturers of this country, it is not less certain that the consumer has to buy his merchandise; and the consumer only can be reached by the local press, so it is a matter of good logic that it should be included in the discussion of this subject; also the benefits which might be derived from the local press.

It has been the experience of American manufacturers in different countries that by advertising in local papers they secure very good results. There are American advertising agencies engaged in foreign trade advertising and they have almost all of them a very complete list of the leading newspapers in this country.

Another thing which it seems to me should be called to the attention of this audience, is the fact that there are certain newspapers that are of national importance. By that I mean that while in this country if you want to advertise in Chicago you have to go to Chicago and advertise in the Chicago papers, or to San Francisco if you want to reach the purchasing element in San Fran-

cisco. In the Argentine Republic, for instance, it is sufficient to advertise in any of the leading papers, which not only are national newspapers because they reach the whole country, but also are newspapers of an international importance because they reach Uruguay, Paraguay and Chile.

There is another factor, also, to be mentioned here, and that is that the Argentine Republic buys forty-three per cent. of all the exports of the United States to South America. Therefore, in making your applications for advertising in that territory, it is very essential to consider the purchasing value of the inhabitants of the Argentine Republic. (Applause.)

MR. PRESTON MCKINNEY (Canners League of California): I would like to make a suggestion, if I may, as to how the foreign trade press and trade press of this country can materially add to the foreign trade of the United States. There are a great many manufacturers in the United States who would like to be in foreign trade and they are not. Take two of the members of the organization that I represent, the California Packing Corporation and Libby, McNeil & Libby, they cannot get into foreign trade. Knowing those concerns, you recognize that it is not because they lack of initiative and money. The obstacle, the insurmountable obstacle that they have to meet, particularly in Central and South America, is the tariff law which they cannot overcome.

I wish to point out to the publishers where they can materially assist such industries in the United States as are at the present time absolutely debarred from foreign trade. The tariff is fifty cents in gold per kilo in the Argentine, and a kilo represents about a can, a number two and a half can, a typical can of fruit. You can readily imagine that nobody can go after business against such a tariff law.

The reason for that tariff is largely because of a lack of mutual understanding. In the Argentine and in Central America for some unaccountable reason, canned fruit is classified under the same basis as perfume, bonbons, scented soaps and other super-luxuries. I am not going any farther with this point, but I just want to put into your minds that fact.

These two concerns recognize trade papers. They spend their money in trade papers extensively, and they would be ready and glad to get behind any kind of a movement toward overcom-

ing these obstacles that make foreign trade at the present time impossible.

MR. R. C. AYERS (Assoc. Advertising Clubs of the World): I would like to ask Mr. Johnston two questions. The first might be embarrassing, but the second he could answer straight out. "Why is it that you do not have a service bureau in connection with your publication so that the advertiser who is just beginning to use export publications could receive some counsel and advice?"

The other question is, "Are you afraid that offering that service for the benefit of an advertiser might antagonize the agency who is ready to render the service to the advertiser?" You could help the beginners and keep them from making serious mistakes.

MR. JOHNSTON: We have found that suggestions from us as to copy have not always been received in the spirit in which they were given; and being human, we have endeavored to avoid trouble, not only because we found that in many cases our suggestions were not acceptable, but through a fairly long career in the export publishing business, we have found that there is more than one way to reach a goal. We have seen so many cases where copy which apparently would not pull, did, and where policies which we would rather hesitate to suggest have been successful. We have found that we don't know it all, and very often the advertiser has a much better reason for what he is doing, although we can't see it, than we have. I recollect one case where we were asked whether a certain concern should advertise or not, and we said, "By no means, there is no market." They went ahead and advertised and they are still advertising. That was six years ago. We are a little at fault, but we are a little inclined not to be too gratuitous. However, we are always ready to give help. Our editor, for instance, does practically nothing else and he is always glad to go over copy. We have copy writers and a service department, but we don't force it on the advertisers.

At the session on advertising last night I wanted to bring that out, but there wasn't time because the session got into China. We were seventeen hundred miles in from the coast when the bell rang. Just for example, three members of our staff, a Spaniard, Frenchman and Portuguese, all sent me a memorandum a few weeks ago asking that a certain advertiser, one of the largest concerns in the country, put a couple of commas, ands, buts, or something in a line about sulky plows, because they couldn't make out

what it meant. The answer came back, after I had written to the advertiser regarding the matter, that anybody that knew plows would know what they meant. We have had that happen a good many times, and being human, we are not looking for trouble, but we are always ready, glad and willing to write copy and suggest copy as well as policy, although it is not our intention to force that advice or those suggestions.

As regards your question as to our not antagonizing the agencies, thirty-five per cent. of our advertising is placed through agencies, which I think is a fairly large per cent. for a trade paper. The agency business has grown a little faster since the dark days before 1914 in the direct advertising business, but I am frank to say, as I told an advertising agency to-day, that the agencies are not always immune from poor export copy, and perhaps when a publisher offers suggestions to an advertising agency on copy, it gets even less time and attention than when directly advertising.

There are times when they write advertising copy in connection with a domestic campaign where the readers are in almost hourly touch with what is going on, but if you send that same copy abroad, the man abroad has never heard of this product and a long comprehensive message is much better than something snappy. In other words, style in foreign copy for the trade papers is less important than a comprehensive, complete story. (Applause.)

MR. E. SWIFT TRAIN (Petroleum Products Co., San Francisco): Is there anybody here who represents a California publication or a Western publication? I have heard all you Eastern gentlemen speak, but I would like to hear somebody speak on something regarding the Western advertiser, the West coast of South America and the Far East. I am in the oil business and we produce our oil here. I don't care anything about the Pennsylvania oil. I am an ex-newspaper man and I had sense enough to get out of the business. (Laughter.) I would like to know what the Western newspaper publisher thinks of the Far East and the West coast markets. We can't compete with Europe on account of the freight rates, but I would like to know what is thought of the advertising in the Far East, Australia, New Zealand, China, Japan, the Philippine Islands, etc.

CHAIRMAN PEARSON: Is there a Western publication that has to do with exporting that will answer the question?

MR. CLEMENT G. VINCENT (La Gaceta de los Estados Unidos, Los Angeles): I represent the *La Gaceta de los Estados Unidos*, a paper published in Spanish. This paper is being pushed with all the strength and energy that can be put behind the enterprise.

MR. TRAIN: I am from San Francisco, but I must say that I hand it to you from Los Angeles.

CHAIRMAN PEARSON: Is there any other Western publisher here? If not, we will bring the meeting to a close. I thank you very much for your attendance.

ADJOURNMENT.

GROUP NINE

FOREIGN CREDITS AND CREDIT INFORMATION

In Co-operation With the National Association of Credit Men

Thursday, May 13, 8:00 P. M., Civic Auditorium

The meeting was convened by Mr. E. W. Wilson, Anglo-American & London-Paris National Bank of San Francisco, presiding.

CHAIRMAN WILSON: Time is too precious when we have so many problems to solve to waste it on preliminaries.

The financial responsibility of the overseas company, the years it has been in business, the manner it has of selling its obligations, are all problems of interest to this gathering, and, without preliminaries, I am going to call upon one of the leading men of the West in matters of business economics, Mr. Henry S. McKee, Vice President of the Merchants National Bank, Los Angeles.

FOREIGN CREDITS

By HENRY S. McKEE

Vice-President, Merchants National Bank, Los Angeles

The foreign commerce of the United States amounts to no more than five per cent. of the country's total business. But, on the other hand, a variation of ten per cent. in our total volume of business measures about the distance between a boom and a business depression. (These statements refer to quantities of production, not prices.)

Since the armistice an unusually large part of this ten per cent. margin between good times and bad has rested upon the export demand. Therefore a heavy drop in production for the export market might become a very serious matter.

The machinery of our business life in this country, regarded as a whole, is very highly organized, its parts are delicately ad-

justed to one another and our lines of business are so interdependent that a very small derangement of any part may slow down the entire machine. And when the machine slows down, the very fact of its doing so becomes itself in turn the cause of further derangement. It is well known that business activity causes more business activity and that stagnation in one field of business at once produces stagnation in other fields.

"Production for export has of recent years occupied a much larger place in our total business life than ever before and all the rest of our business machinery has, after some confusion, gradually adjusted itself to this state of affairs. In fact, we have become habituated and accustomed to an abnormal export condition. But in doing so we have been violating national economic laws which forbid a nation to long continue exporting out of due proportion to its imports (or their equivalent). These are self-enforcing laws and are very powerful. They are commencing now to assert themselves through the exchange rate and otherwise. We cannot successfully defeat the operation of these laws and, consequently, our total export business is quite certain to decline. Our problem is to so regulate the decline as to avoid any rude disturbance in the smooth running of our country's industrial plant."

This may be accomplished by the intelligently regulated extension of foreign credits and our business men may thereby be allowed time to gradually adjust themselves to changed conditions. If we cannot accomplish this, we may experience a shock which might be the first step downward in a chain of events that could so slow down our entire business progress as to possibly end in industrial depression. Out of the foregoing situation arises at least the importance if not the absolute necessity of extending credits abroad.

In other words, under the irresistible weight of economic laws, our export demand is languishing. Two things can be done for it. One of these is a mere stimulant and the other is a permanent cure. We can apply the stimulant, which is foreign credit. The economic law governing international trade will apply the cure, which is that foreign countries shall diminish their buying from

us until they are able to pay us in goods or their equivalent. This cure will also cure some evils in our own country by assisting to bring about a decline of prices. But while this latter process is natural and permanently beneficial in the long run, it is very harsh in sudden application and might produce great temporary business distress. Therefore it is eminently desirable to keep our languishing export business drugged into moderate activity by the use of credit until such time as foreign production can more fully develop and our own manufacturing and commercial practice be gradually modified without loss of speed.

And this matter of extending credit abroad must be conducted with great care and intelligence and again with great regard to economic law. It is to be done for the benefit of American business (humanitarian motives not being assigned to the present discussion). Inasmuch as American business is suffering now from overstrained credit, it will be somewhat injured by taking credit away from domestic use and sending it abroad. On the other hand, it can better afford to part with some credit than to submit to a sudden collapse of our export trade. Therefore credit must be sent abroad only to the extent that we may use it abroad more advantageously than at home.

So delicate an adjustment as this cannot possibly be made through Governmental credit operations of the kind employed during the war. It must needs be done by private enterprise under the free play of competitive economic forces. If the world needs electrical machinery and copper wire for power development in Europe more than it needs anything else, it will pay relatively more for them; in consequence of which perhaps the European manufacturer of these things, needing American credit for the purchase of American copper, can afford to bid higher for such credit than could any one else. It would thus be used where most needed and most productive. Something like this should happen: A foreign manufacturer would apply to an American producer for a supply of copper on credit. Complete investigation would show him to have character, judgment, experience, equipment and successful and honorable business history; otherwise the business would be declined. He would get the copper in exchange for his paper, payable some time in the future to the American copper producer in dollars. Under the foregoing assumption of world demand for his product, the European manufacturer would offer high discount

rates for the credit. The American copper producer would at once endorse and sell the paper to a corporation formed under the Edge Law for the very purpose of buying just such paper. In the same way the Edge Law corporation might acquire foreign paper from American producers of cotton, railway equipment, machine tools, harvesting machinery or anything else provided it lies at the foundation of European industrial life. This Edge Law corporation would thus have bought a highly desirable line of carefully selected European paper, endorsed by strong American producers and exporters. This paper would be placed in the hands of some trust company as security against which the Edge Law corporation would issue its own paper in the form of bonds or notes and these latter would be sold to American investors. They would be good beyond cavil. Under the foregoing assumptions they would afford the highest interest return. They would be the direct obligation of an American corporation under Federal laws with large capital of its own. They would be secured by the obligations (given for value) of European industrial establishments found by investigation to be fully worthy of confidence. And these obligations would bear the endorsement of the respective American producers and exporters. They would have passed the scrutiny of the American investment dealers who would be called upon to distribute them to the public.

This credit will be extended to Europe by the only one who can and should extend it—that is to say, by the American investor, and it is to be hoped, out of his savings; not by the banks, already overstrained, and not by the Government, utterly unsuited to such a transaction. Under the foregoing assumption, if the credit is not safe the American exporter will not extend it, because he must become a responsible endorser. If it is not advantageous to America that this credit should be extended to Europe, then that fact will be evidenced by inability on the part of the European debtor to pay the necessary price for it in competition with American borrowers. There is no other way in which to determine with any approach to intelligence how much credit should go abroad, and there seems no better machinery for extending it than through the foregoing means made available by the Edge Law. (Applause.)

CHAIRMAN WILSON: Mr. McKee has opened the question for the evening, and the discussion will be led by Mr. John Clausen,

Vice President of the Union National Bank, Seattle, formerly of San Francisco.

MR. CLAUSEN: I feel like a friend of mine up North who wanted to sell me a cow. He came to me and said, "John, I have a wonderful cow that I want to sell to you." "Has it any pedigree?" "Not that I know of." "Does it give any milk?" "Well, I don't know about that, but I'll tell you this—she's a wonderful, good-hearted cow, and if she has milk, she'll give it." (Laughter.) And that is about my position here to-night—I don't know exactly what I can do for you or how to lead the discussion, but I will try to do my best.

There is a point in Mr. McKee's paper that will perhaps lead me into something that will be particularly interesting to you National Association of Credit Men. He stated if the credits are not safe, the American exporters will not extend them, because the American exporter must become a responsible endorser.

As a bank, of course, that appeals to us very much, and I believe it should appeal to the merchant, and I believe that there is a point that the merchant is very much in need of, and something that he hasn't given very much attention to, namely, that of securing credit for the foreign exporters and importers. I believe that is a very vital point.

Some people are impressed when they receive a wonderful letterhead from abroad and a large order for something, and they usually become so enthused over it that they don't feel it necessary to look into the credit of the person with whom they intend to deal, and that is usually brought up to the bank and the bank has heartaches and headaches many times because of that. I believe that here in the United States we have a wonderful credit system for national business, but I do believe we are very much lacking in a credit system for international business, and I do believe, if I may be permitted here to say, that my heart is very much in favor of the wonderful organization of the Credit Men's Association.

I would like to offer a suggestion—not because I want to recommend it for the National Association of Credit Men, but just to start something and to make you feel it can be started, not alone through that organization, but through a great many organizations in the United States who are represented all over the United States. Usually, the kind of credit information that the

person, and particularly so the bank, gets from abroad is very meagre and perhaps there is a reason for it. When a branch bank, usually a branch not of an American bank, furnishes you with credit information, you usually get this kind of information—

“The capital subscribed is
The capital paid up is
The reserve fund is”

and that is all you have to go by. We have, of course, banks here who can give you wonderful credit information, but you necessarily have to become a depositor of that particular bank to be able to avail yourself of that particular service and we cannot be depositors of more than one or two banks in the United States.

My experience has taught me that the banks in New York are the best equipped banks to give you international credit information, and it is a wonderful drawing card for the merchant because it really places him in a position where he can safely deal with people. I am not mentioning that because I want to advertise the New York institutions, but I have from personal experience found that many of them are especially well equipped for such information, and we have been able out West to get information from New York that formerly it took us from three or four months to secure by writing to our foreign correspondents, and then we never got the information we needed. But I find something lacking in the particular information you get—you get figures, but you do not get the personal information about the people who are connected with the firms that you intend to sell goods to. I believe that from now on we are going to deal with people not so much because of a very large capital they might have, but because of the security that we may have in dealing with those people who are willing, able and capable of carrying their contracts.

I have in mind a letter that I received about a week or ten days ago, received from a miller up North. I was surprised to find that that miller was able to give me information from nearly every corner of the globe, of people who would be buying products or the production of some other miller. He had information hidden away there that was immeasurably beneficial to his concern, but I believe that is where he was a little shortsighted, in that he did not give the benefit of that information broadly around to people who might be in the same line of business that he himself is

in, because, after all, with all that information he had on hand, he could not hope to deal with a million different concerns all over the globe.

This is what he writes me: "Our information is somewhat different from that furnished through ordinary commercial channels, inasmuch as we receive a great deal of direct information from concerns in the trade in regard to the treatment they have received in business dealings, so that we have access to a great deal of information, particularly as to the moral hazards of dealings with such concerns, which information is not available to the regular commercial agencies."

I believe that that is exactly the thing that you and I, as business men and bankers, require—the moral hazards, the moral integrity and responsibility and the security that that gives in dealing with the people across our borders.

I have prepared a paper here, and, as I stated before, it is not because I want you to feel that it can only be done through the Credit Men's Association but because I would like to leave the idea with you to see if you cannot instill something of that sort, a plan of that kind, into the many organic organizations that are all over the United States.

It is but natural that with the full recognition of our unprecedented opportunities in overseas trade the question of authentic credit information regarding our foreign customers should have our earnest consideration. In trade of any kind—world trade in particular—it requires the constant getting and giving of information, and one of the principal aids to commercial relationships is to have established ways and means of obtaining accurate knowledge of the standing and responsibility of those with whom we contemplate trading.

To operate with certainty is the most potent force in commercial intercourse. Dissipate that force; substitute uncertainty, and business is instantly retarded.

The intelligent granting of credit and the hesitancy of the American manufacturer and merchant to recognize commercial contracts on that basis is the universal criticism made by our foreign friends, and the solution of these problems in a way satisfactory to buyer and seller would remove many difficulties which have heretofore tended to impede the development of our international relations.

The obvious desideratum is that the work of collecting and distributing credit information on foreign merchants which will enable the American exporter to operate safely beyond our shores must be done with the greatest thoroughness.

It lies within the province of the National Association of Credit Men to build up within its organization an overseas credit system for the clearance of information regarding the standing and responsibility of merchants in foreign countries, and further, to make available to manufacturers and merchants here opportunities that may be presented abroad for the development of our international trade.

With the collaboration of credit associations and American Chambers of Commerce, which are now so generally established abroad, it would seem within the range of possibilities for the Association to widen its scope to carry out internationally its activities and in this way render the American exporter invaluable service.

The building up of a foreign credit system that will make possible the clearance of commercial risks with direct relation to buyer and seller is conceded to be the most essential requisite to permanent and profitable relations with merchants throughout the world.

Co-operation must, in the last analysis, be the foundation stone of a foreign credit system and our exporters should, considering the benefits accruing to them from such a plan, welcome the opportunity to lend unqualified support to a move that would make possible an interchange of commercial intelligence, as such concerted action would work to the advantage of the nation's commerce and prove a great impetus to our progress in competing for business in foreign markets.

To effectively further these purposes and obtain practical results, two services must be accorded:

- I. A systematic and comprehensive service for overseas commercial and industrial information;
- II. A service to facilitate the extension of credit essential to international commercial transactions;

and to accomplish this, it would seem timely to create within the organization of the National Association of Credit Men a "Clearing House" for financial reports on foreign firms, such information to be made available throughout its affiliations.

The advantages of such a system are obvious and should in no way interfere with existing organizations, but would rather supplement their work and make possible for it a world-wide expansion.

The principal aim of these activities should be to assist in diverting commercial operations where they would prove of the greatest benefit to American trade. To give effect to the plan—which might well be promulgated under some such title as “International Credit Information Bureau”—the suggestion is offered that the work be carried out through, say, four divisions centers, with ten interlinking districts—feeders for the former whose duty it would be to classify and systematically record all information collected.

For the purpose of illustration, the cities of New York, New Orleans, Chicago, and San Francisco might be named as the four centers to form the group where the National Association of Credit Men would maintain central offices of the Bureau, with the ten districts allocated somewhat in this way:

District No. 1:

Maine, Massachusetts, New Hampshire, Vermont, Rhode Island, Connecticut.

District No. 2:

New York, New Jersey, Pennsylvania, Delaware.

District No. 3:

Maryland, Virginia, North Carolina, South Carolina, Georgia, Florida, District of Columbia.

District No. 4:

Ohio, Kentucky, West Virginia, Eastern Tennessee.

District No. 5:

Michigan, Wisconsin, Illinois, Indiana.

District No. 6:

Missouri, Kansas, Oklahoma, Eastern Texas.

District No. 7:

Alabama, Mississippi, Louisiana, Arkansas, Western Tennessee.

District No. 8:

Minnesota, North Dakota, South Dakota, Iowa, Nebraska.

District No. 9:

New Mexico, Utah, Colorado, Nevada, Idaho, Montana, Eastern Washington.

District No. 10:

Western Washington, Oregon, California, Arizona, Western Texas.

These suggestions are made with the object of furthering a move, the advantages of which are manifold, and while the name of the National Association of Credit Men has been used, any other organization with a widely distributed membership would be in a position to lend effective support to the proposed activities; in fact, these observations are intended as suggestions only, with the idea of eliciting an expression of the views held by others as a result of individual experience in matters of this kind.

The needs of the world to-day are measured only by our capacity to supply them and in this endeavor it is evident that we would be immeasurably better qualified to meet world competition if we had at our disposal an equally intelligent service internationally as we now enjoy nationally. (Applause.)

CHAIRMAN WILSON: Mr. Clausen emphasized two things: one, information, the other, co-operation.

One of the biggest problems is co-operation. As soon as we finish our regular program, the meeting will then be thrown to open discussion and we hope to have the experiences of men who are in this business, who are making a success of it, and who can tell us of their troubles and tell us how we can help the next fellow who hasn't had sufficient experience.

Mr. E. G. Swift, who has been connected with one of the pioneer exporting houses on the Pacific Coast, will speak to us.

DIFFICULT PROBLEMS AND HOW TO SOLVE THEM

By E. G. SWIFT

San Francisco

It has been ably stated by the two preceding speakers that the one question of credits is confidence, and that has been amplified by the speaker preceding me by the statement that confidence is impossible unless it is based upon known facts.

The question comes to the man who has to determine and make

a decision of extending a credit to a customer in a foreign country of how that decision can be made and how are the facts to be secured.

The proposal voiced by Mr. Clausen was once before voiced by a speaker at a smaller meeting of the National Association of Credit Men, as offering the only practical solution of that question. I might amplify the suggestion of Mr. Clausen and give it to you for your consideration, so that when you arise to speak on that question, you may have it amplified a little more than he gave it.

In order to make this thing concrete and bring it to quicker action, I would suggest that the National Association of Credit Men accept the suggestion and accept the responsibility and obligation of organizing such a bureau of information. I would further suggest that they circularize their various members and find all of those firms, manufacturers, importers or exporters, who are interested in receiving such information. To my knowledge, in their position it would not be difficult to formulate what would probably be expensive information if undertaken by others, with the maintenance of such a bureau with its archives of information located at the four cities named by Mr. Clausen, and I believe then that the information could be brought to be utilized by every one who wished it, on a basis of cost that would be considerably less than asked by the commercial bureaus of information now.

There would be information obtainable in this manner that would not be possible through a commercial organization, and I believe such a bureau should be established. You credit men, and most of you are friends of mine, who have that same problem to deal with, know that you like to know what has been the character of the man in regard to meeting his obligations—has it been quick or has it been slow, or has it been dragging along? what is the tendency of this firm? are they progressing or simply holding their own? what is their moral character? how long have they been in business? and all of the various questions that would naturally arise to the man when he is called upon to extend credit for himself or for some one else, and the responsibility of passing upon credits for some one else is even a greater responsibility than it would be were it your own.

With an organization such as the National Association of Credit Men handling the information for credits to foreign customers, it would be possible to receive from them the character

of reports that you now receive when asking for information in regard to domestic customers, and then you would find that here is a man reporting that this customer has been slow, another reports he is good, another reports that he is fair, and out of it all you form a fair estimate of what that man is doing in his business, or how that firm is conducting its business. That information is absolutely necessary to have.

You may get a report from Dun or Bradstreet's of some merchant in Sydney, China, or Bombay, or wherever they may be, and it will say that the net worth of the man is \$20,000. Perhaps before you is the question of a credit for \$5,000, and it may be an account that you have previously sold a small amount to. So far as you know, the information given you looks like it is sound and still you would like to know positively whether that man is extending his business beyond his capacity or not. Possibly you satisfy yourself and pass on that credit. You won't more than execute the order and it's on its way until you receive another inquiry from the same man that approximates possibly \$5,000, and possibly then you will have a third order, and your first has not been paid. You know that you are not supplying that firm with all of its commodities and you begin to think that that firm is extending itself beyond its capacity, and you wonder what they are doing with the other concerns. Immediately it impresses you that the information upon which you originally passed your credit, extending the credit on a \$20,000 valuation, has been a greater credit than you should have extended. However, you have committed yourself and you are in it. And then you undergo all the torture consistent with that sort of thing until you have received information from your bank that the first draft was paid when presented. See how much different the situation would have been if before you extended that credit you were able to turn to your National Credit Men's Association local bureau and ascertain what the status of that man was in dealing with the various commodities that this country has offered him for a year or more.

Several of our friends here this evening have mentioned the fact of securing information. I want to say to you that any well-organized exporting house that is engaged in international trade embracing every country of the world must necessarily have its own credit information, and that point was brought out by Mr. Clausen, and that information is far more specific than you can

obtain from any bank or any known business organization, because it includes your knowledge of that customer, built up for a number of years, and includes the angles of that proposition which you have received from Dun and Bradstreet's, your own agency, and from the man himself. You have a general idea of the man's business, due to a service you have rendered him. There are many firms in our country who have that character of files, and I believe, as stated by Mr. Clausen, that the time has come when such information must be looked upon as essential and must be loosened and made available for all to enjoy.

I am aware that it has been the practice in the past, with men who have spent years of effort in building up a business, to safeguard that business by retaining such private information for themselves, thus curtailing the competition that they would meet. But we have come to the parting of the ways. We have come to a point where no longer can one man stand aloof or any one firm stand aloof, regardless of its size, and no organization can say that it is not under the necessity of co-operating with other firms for a common purpose.

We are face to face with a condition, and that condition demands that we shall act. I had hoped that the speaker in question would have amplified to you one phase of the subject which I shall briefly touch upon.

I happened this afternoon to be in another hall, attending another meeting on finances under consideration from the bankers' viewpoint. From what was stated there, I drew this deduction—that the only avenue now open to the American exporter or manufacturer so that he can intelligently accomplish a purpose that we all hope for, is that he shall lend his energies to securing the volume of business necessary in those countries where to-day the balance of trade is against us. Now, if we accomplish that purpose, we accomplish another purpose. I am going to state, in explanation, that I bow to no man in his pride in the country or in the ability or capacity of our people to accomplish results, but I do believe that we make a mistake when we arrogate unto ourselves a satisfaction that we are the only country on the earth that is in a position to extend credits to those countries that require them, and for that reason we must assume the entire responsibility. Let us consider a moment. One of the speakers stated that we were compelled to export last year something like three hundred and twenty

millions of gold in order to settle our trade balances with those countries where we had purchased more goods than we had sold. Would it not appear to you, as a business man, a practical step if we could increase our volume of exports with South America, Central America, India, China, or any other country where we buy more products than we export? And by so doing, we would place them in a position where they turn, acting under the impulse and necessity, to finding a market for their goods, to share with the United States the burden of financing the countries that need that assistance. Is there anything impractical in that suggestion? It does not seem so to me. On the contrary, it seems to me it would do much to help us pay for those products and at the same time bring into existence aid in the efforts which confront the world to-day.

Mr. McKee said this evening that we cannot go on building up credits indefinitely. He outlined a method whereby it would be possible for those countries to obtain those products they desire and how it could be done, but I want to say to you that the education of the American public in foreign ventures is going to be a long process, and I want to say further that I believe there is a power which shapes and guides the destiny of men, and I believe that in the working out of this problem; it may not come rapidly but it will come slowly, it means vision and we will only see by degrees the things essential for us to see.

Coming back to the very definite problem, how to solve some of the immediate questions that confront us, I want to say to you gentlemen that every man who is engaged in the work of determining what credit shall be extended to the foreign customer has to consider a great many phases of business that he never considers if he is passing upon a domestic credit. The first question when you receive an order from abroad is credit, of course. I was amused at my friend Clausen when he stated the attitude of a man who got a large order without any basis to figure upon. It is flattering to a man to think that somewhere over in Bombay or Java some one has noted the fact that you owned a factory in Kalamazoo, and the man is all haste to fill that order; but let me say this, as a result of quite a wide experience and considerable observation, that the fundamental question to be determined is whether the conditions under which the order is offered to you are such that you can fulfill them within the prescribed period of time in which you are to fill it.

Now, the mere mechanics covered by the confirmed letter of credit—and let's put the words on it "without recourse"—by an "irrevocable letter of credit without recourse," is considered a whole lot better and considerably safer; whether you have that character of a letter of credit or whether you are shipping documents against payment or documents against acceptance, it doesn't make any difference. The primary question for a man to determine is whether the company which he represents is in a position to fulfill this order in accordance with the expectations of the man who has offered the business to him. That is the fundamental question to decide—can they fill the order in accordance with the expectations.

Having made that determination, then the next step in this—what is the safety of the market in that man's country to-day with reference to this particularly commodity? what is the state in our own country to-day with reference to that particular commodity? You might have an order that looked to you very flattering and yet you will have a market here that will indicate to you that thirty days from now, when that order becomes executed, the conditions will be different; thirty, sixty, or ninety days from now, when the goods would be delivered in Bombay, the conditions will be altogether different.

If you have an irrevocable letter of credit, without recourse, that would be your fortune and his misfortune. If, on the other hand, you have nothing against that man other than an agreement to accept the goods subject to specifications when the order was placed, then you might find yourself confronted with this condition: On a conflicting market, he may refuse acceptance and you find the goods are yours; but you have already executed the order and all the profit you have made on the transaction stands to make a severe loss. Therefore, as a matter of practical importance, when you are passing on that credit, you must know if you are in position to fulfill that order according to expectations.

You can therefore see that there is something more to a foreign credit than the mere question of whether the man has the financial ability to pay for the goods, and the man who has the passing of the credits on his shoulders has *some* responsibility.

I noticed this afternoon that there were a great number of men present who really lacked the knowledge of the mechanics of credits, due to their just embarking into the export business. There

is another phase that I have not touched upon which I shall now relate to you.

You must know something of the history, something of the basic business principle of the people with whom you are dealing. You might ask how is the ordinary credit man to know that? I will try to illustrate my meaning. There is a word that is used that I don't like very well, but is often employed and expresses it completely, and that is the psychology of each nation. You take the Latin-American. Latin America is going to be the greatest market for the United States, it is the greatest market for the United States and will be for the next fifty years, and don't ever forget it. They are rich in natural resources and only wait for our conjoined efforts that will help to make them rich and keep us well employed. We must understand their psychology of doing business. I cannot quote this in Latin, but I remember this story of how the Latin people deal in business, and the English translation is, "Let the buyer beware." Now, then, every Latin American views a business transaction, up to his absolute acceptance and payment for it, as an opportunity presented to him to kick back against the conditions under which he purchased his goods. What can we do, then, to successfully serve such people? We must thoroughly and perfectly understand every detail of the order, every specification of it and see that we are in a position to fulfill it and take nothing for granted. Whenever you take anything for granted with a Latin-American, you are going to get left. You do what he asks of you, and do it to the letter, and he will fulfill his obligation. If he raises a claim against you, do not turn from it and say that it is unjust, that the man is taking a method of getting something from you he is not entitled to, but find out the basis of the man's claim, meet him half way, and keep doing business with them and he will keep on doing business with you.

We will pass from the Latin-American and take up the Japanese—a very energetic, aggressive nation. There we have an entirely different psychology. I hope this will not be accepted as a criticism of the Japanese people; but in order that the people here may know the distinctive difference of their psychology and ours, their psychology is based upon a philosophy of life that is the direct opposite of Christianity. Christianity imposes upon the man the sense of an obligation, the sense of an oath, the sense of his word of honor, and his honor to him means more than his life. I don't

mean to say that the Japanese has not the same sense of honor, but he exercises it from an entirely different standpoint. His philosophy of life is based upon this fact, that to him you are not his friend if, after he has entered into an agreement with you and he should ascertain that that agreement should not be to his benefit, then you do not release him.

Because of that psychology of the Japanese, every nation in the world demands of him an irrevocable letter of credit, and, gentlemen, let it be without recourse.

I want to speak briefly on the point of the Englishman, because he is going to be our competitor. I want to say that we owe to the upright standards that have been implanted in the hearts of men by the British nation, all we have—they are keen competitors, but they are honorable, and when an Englishman says he will sell to a merchant in Bombay on the simple documents, exacting payment, he will send you a report and his bank will answer you perhaps in this way—he is either good, respectable, very respectable, or he is no good, meaning thereby that character with them is the fundamental thing; and that again brings back this one question I would impose upon your attention, that we must have such an organization as the National Credit Men's Association with the information at our command that will enable us to know whether a man in Calcutta, Java, Cuba, Central America, and so on, is good, respectable, very respectable, or no good. (Applause.)

CHAIRMAN WILSON: The Foreign Trade Council has committed to us only the question of foreign credits and credit information. Much has been said here concerning co-operation and exchange of information, and I am going to take the liberty of calling on one of the directors of the Foreign Trade Bureau of the National Credit Men's Association, and have him tell us what that Bureau is doing in the way of exchange work, and what it has accomplished in the East, and what it might do for this entire country. I take pleasure in presenting Mr. H. F. Beebe of the Winchester Repeating Arms Co., New Haven, Connecticut.

MR. BEEBE: At the last session of this convention I read a paper on the need of co-operation and recommended that the plan be put through by the National Association of Credit Men. Considering the fact that this bureau has now been running for about six or seven months, it looks as if they were hiding their heads

under a bushel, or they are not good advertisers, because all of the previous speakers have mentioned the desirability of such a bureau and such a bureau is now in operation and is clearing over 50 per cent. of the requests for information that are sent into it.

My first interest in this matter came about through one of our salesmen who was more of a salesman than a credit man. He went into a community and sent me thirty orders from a country where we had had no previous direct business and put up to me the job of passing those credits. I went to the usual sources and succeeded in clearing eight or ten of them. Eventually I cleared them all and most all of them through men interested in foreign trade the same as we were; but I didn't know where to go to find the man in the first place, and that, I think, started the idea of getting the members of the National Association of Credit Men interested in this foreign trade establishment, this bureau.

We now have some three hundred members in that bureau, exchanging actual ledger experience with each other, and every man who hands in information on one of his customers receives a reciprocal report on that customer, and he has the opportunity of seeing the general line that the foreign buyer is placing in the country. He not only hears from one man his experience, but he usually finds out how many people that foreign buyer is dealing with, and whether all the men here are having the same experience or not, and whether he is using one man as a reference and is being slow with the rest of them.

I have worked very hard on this foreign credit bureau, and I can assure you that in New York or in eastern trade centers it is working in a very satisfactory manner, and it has been proposed to the committee that we eventually consider having a branch bureau for the Central West, one in New Orleans, and at least one or two on the Pacific Coast; so, you see, we are up with your suggestion, and with your ideas about this, and I believe eventually you will find that a most excellent manner of clearing your credits.

CHAIRMAN WILSON: The credit men of San Francisco have done considerable work on a plan for exchanging credits, foreign credits, in the San Francisco Credit Association. It is the wish of many of them to take up the subject again after the adjournment of this meeting with those who have had experience in New York, which has been very satisfactory and very promising.

I am sorry that Mr. McIntosh, who was to speak to us this

evening, was called away this morning. We will have to forego the pleasure of a talk from him.

We have with us this evening a gentleman who has given much thought to credit insurance and is, I believe, interested in a plan of that kind. I know you will be interested in hearing his experiences and getting from him some ideas with reference to gathering information and then using it in the proper way. I am glad to introduce to you Mr. George R. Meyercord, of the Illinois Manufacturers' Association.

FOREIGN CREDIT INSURANCE

By GEORGE R. MEYERCORD

President, American Manufacturers Foreign Credit Underwriters

The question of foreign credits—the uncertainty of the market and the financial responsibility of foreign merchants has been beyond question at the base of the aversion of the average American manufacturer to attempting foreign trade. And many a potentially successful exporter has had his enthusiasm turned into despair because of his experience with bad credits and the impositions of unscrupulous importers and export agents.

But it would be like carrying coals to Newcastle to discuss general foreign trade and credit problems before you gentlemen. So I shall immediately get to my subject—the insurance of foreign credits as proposed by the American Manufacturers Foreign Credit Insurance Exchange.

The history of the efforts to find a solution to the foreign credit problem is not unfamiliar to you. Various schemes have been presented and discussed at past conventions of the Foreign Trade Council trying to bring about some plan by which a larger measure of knowledge could be had on the subject of the financial responsibility—the quality of the customer—in a general way the desired information we possess in dealing locally in the American market.

Two years ago, at the Cincinnati meeting of the Foreign Trade Council, and representing the Illinois Manufacturers' Association, I suggested roughly a plan for the insurance of foreign credits, as seeming to provide a sane means of supplying that all important

need of all of us who are in export trade or want to be—a knowledge of the financial status of foreign merchants and a reasonable safeguard in our business transactions with the individual.

Great interest was shown to exist—many letters were received by me from manufacturers urging the formation of a company.

The net result is that officials of the Illinois Manufacturers' Association, and with its approval, last year organized the American Manufacturers' Foreign Credit Insurance Exchange, a reciprocal mutual company for the insuring of foreign credits. The plan has been worked out in great detail and at much expense, and for the past half year our staff of foreign credit experts has been engaged in compiling and rating credit risks in the various world markets—and the insurance of foreign credits will be a reality by midsummer.

Let me take up in sequence the various angles of the proposition. First—why a mutual company? We gave due consideration to the form of organization most practical for a broad and economical foreign credit insurance service. And we realized that as a stock company, operating for profit, the advantages to the manufacturer would be very limited and the costs high—that the reciprocal mutual plan of underwriting foreign credit insurance was the only feasible plan—*protection at net cost*.

Acting for all the members at the Exchange will be a national Board of Advisers, or trustees, which will administer the trust funds, determine policy and procedure, etc. The business of the Exchange will be transacted through an attorney-in-fact—the American Manufacturers' Foreign Credit Underwriters.

To participate in the benefits of this reciprocal insurance the manufacturer or firm must be accepted into the Exchange. No insurance is sold to non-members.

There will be a master policy which will cover all foreign draft business. As the various individual shipments arise for insurance coverage, insurance will be granted in the shape of a certificate to be attached to the master policy. The initial payment or premium deposit is determined by the amount of such foreign business as the manufacturer would do—his normal exports. One per cent. of the gross volume will be the basis of the premium deposit. As is customary in mutual life and fire insurance companies, at the end or during the course of the policy year, the premium deposit will be adjusted on the actual amount that has been at risk.

When the Exchange has issued as much insurance on any one consignee as his financial strength justifies, it will refuse to insure further shipments to him until part of the line is cleared.

The solvency, only, of the debtor is insured. Non-acceptance of the merchandise by the customer or refusal of payment is not covered. *However*, this is covered by a protective clause in the contract which provides *Renewal Insurance*. In other words, if the shipper has a dispute with his customer on the quality of the merchandise, the quantity shipped, the packing, or for whatever reason a dispute arises—*renewal insurance* on the risk under dispute will be issued pending its settlement. This renewal insurance is available by the payment of an additional premium for the extra time involved.

This scheme of insurance is predicated of necessity on the compilation and publication of Foreign Credit Guides for the different world zones in which we shall operate. At present we shall cover five zones—Latin America, Australasia, Africa, the Far East and Orient, and the Scandinavian countries. For obvious reasons we are keeping out of the war-ridden zones, but the remaining world markets will be covered as trade conditions warrant.

Each credit guide will contain the names of responsible foreign importers in its respective zone—merchants, manufacturers, public service corporations, plantations, etc.—names which are insurable unless otherwise marked. In addition, the Credit Guides will contain the things you want to know about the foreign customer—his line of business, the maximum individual line that the exchange will insure and the rates of insurance. The rates given are predicated on sight draft with bill of lading attached, the thirty to ninety-day time draft, four months and six months draft and open account.

It will be possible for any manufacturer to take an order, for instance, from a firm in Rio de Janeiro and sell that concern on ninety days, open account, as you would locally, and the insurance would be, say 1 per cent., with the guarantee that the firm will not fail during that period of time—that if they fail or commit any act of bankruptcy, that the account will be paid in full.

These Credit Guides for the different world zones will be revised monthly with additions and corrections. The Guides will be sold to members of the Exchange at a moderate cost, and members may subscribe to one or more of the Guides, covering any or all zones.

The compilation of data and ratings for the Credit Guides has been a huge and difficult task and the Organization Committee of the Insurance Exchange has invested a large sum of money to make it possible. The cost of compilation and publication has been borne entirely by the Organization Committee before any income from the Exchange was available. It is expected that not less than 100,000 foreign business houses will be rated when the Credit Guides are completed.

Another point—an important clause in our contract between the subscriber and the Exchange is the provision for interchange of ledger experience—the information to become the property of the Mutual Exchange and the source of information treated in absolute confidence. Obviously, such interchange of ledger information will be invaluable to members of the Exchange in the economical and efficient conduct of the business.

Now let us look at the benefits to the exporter—present and potential.

First—he is insured against insolvency of the debtor for the full amount—at net cost. The cost of insurance is such a small percentage that the manufacturer will find many savings otherwise, as are apparent, that will more than offset the cost.

The *Renewal Insurance* provision prevents the jeopardizing of his bank-discounted bills receivable.

The Credit Guides will do *more* than list insurable names of foreign houses. They present to the manufacturer *his market* in that respective zone or country—a list of what distributors he can approach in safety and those to avoid.

The manufacturer's representative will be able to approach the foreign buyers whose names appear in the Guide as insurable, in full confidence that they are reliable and that an order from such sources will be acceptable at the home office with no question of its being filled. It eliminates the problem on the part of the traveller as to whether the merchant is a good risk. It saves time in signing up a risk and in acceptance by his home office. And it allows him to *accept terms that make him competitive with exporters of other countries.*

The Credit Guides present a guaranteed list of foreign merchants for direct mail advertising and solicitation.

The Credit Guides permit the manufacturer or his representative to follow the obvious correct rule of soliciting orders only after

satisfying himself of the ability of the merchant to pay promptly.

The Credit Guides cut down the waste of sampling—a gross evil in American foreign trade.

Insured accounts make it unnecessary for the manufacturer to demand of the foreign merchants the establishment of a confirmed bank credit or a deposit with orders as a guarantee of good faith.

The manufacturer who carries all the liability upon bills receivable limits his credit for doing more business. Insured bills receivable add to his working capital.

Without insurance the amount of business on time draft that the individual manufacturer can afford to carry is limited by his capital. The Insurance Exchange adds another name to the paper and the bank logically is willing to give larger discounts and to take an increased amount of the paper. Insured bills are of prime quality from the banker's standpoint and are negotiable at the lowest prevailing discount rate.

The insurance would enable the manufacturer to figure accurately on export price quotations and to meet prevailing and competitive terms of sale. And the facility of selling insured bills would be almost equivalent from the manufacturer's standpoint of doing export business on a cash basis.

Carry this insurance plan farther and you have another phase of it. I happen to know of a firm who had an order for a special knife to be shipped to a certain part of South America. It was only good for the tapping of rubber trees or something like that. The order was for \$20,000 or \$25,000. The concern failed and he did not know where to market the merchandise. Under our plan of insurance—upon getting reports that the responsibility of the merchant is in question, we obligate ourselves to immediately notify the members of the Exchange who have orders in process for the customer in question. He may be buying from twenty-five different manufacturers, most of whom are working on orders in ignorance of the fact that the customer is in difficulties and unable to pay. Of course the mere safeguarding of the manufacturer in such an instance would result in a saving far and above the cost of his insurance.

A most important session of this convention is that of Direct Selling in Foreign Trade. And when you come down to it, gentlemen, isn't the future of America's foreign commerce dependent

upon the direct contact of the American manufacturer and the foreign buyers? Isn't the fundamental of trade to bring the producer and consumer together?

Because of the insurance safeguards and the Credit Guides the manufacturer is able to deal direct with the foreign merchant. He learns to know his customer, gets closer to the market and is able to intelligently merchandise his product as in domestic trade. *No middleman, regardless of his size or organization, can possibly cultivate a foreign market for a manufacturer's products and realize its full possibilities as can the manufacturer himself.*

The manufacturer who deals direct keeps identity with his goods and controls his market. Through his direct contact with the market he secures trademark momentum and establishes trademark good-will that is permanent and which cannot be undermined.

The attitude of the banks toward our mutual insurance plan is naturally most favorable. Banks instantly recognize that insurance on foreign credits through the medium of the Insurance Exchange is of tremendous benefit to the American manufacturer and that it will not only conduce a better and more stable line of foreign trade but will obviously increase the volume of foreign business in the United States. Likewise they recognize that such a service will be of immense value to themselves, as it adds further safeguards to discount paper—the addition of the Exchange making it three name paper. With such added security it is logical to assume that such will be approved as Federal Reserve paper. With these benefits in mind, banks have been whole-heartedly co-operative in making the project a success.

Local banks will be able to discount foreign bills receivable, in confidence—in fact, the local bank will become in the nature of a clearing house for the international banks.

Banks will be able to allow the local manufacturer more credit and not limited to his working capital. The local bank is safe because the bank's paper is covered not only by the insured maker of the note, the shipper, but the Credit Guide rating on the customer at the other end shows that he is a responsible party.

Banks will be able to get a line on the merchandising risk involved in any given line of business and be governed accordingly in discounting. After several hundred shipments in the same line of product have been made by different members of the Exchange, a perfect knowledge will be had of averages as to the number and

kind of complaints in the different lines of business. It will be possible for the bank or the manufacturer to call the representative, local branch or main office of the Insurance Exchange and find out the nature of the risks involved in any given industry.

The possibilities before the Exchange in the direction of corrective measures are apparent. The establishment of foreign credit insurance will automatically diminish trade risks by forcing exporters and importers to conform to standards. A record of bad practice or continued neglect on the part of the exporter or many refusals to accept goods without the very best reasons on the part of the importer would soon result in his being classed a bad risk with a high premium on his business. In the case of the former, refusal to correct his methods would make him liable to the forfeiture of his membership in the Exchange. This plan of foreign credit insurance will force careful handling of exportations and discourage dishonest refusal to accept goods or decline payment.

The Exchange through its machinery will have such a close knowledge of foreign markets and the character of both importer and exporter that carelessness and crookedness will be reduced to a minimum. The foreign merchant who has made a practice of ordering goods, only to refuse acceptance on the chance of making a profitable compromise with the shipper, cannot continue his practice because the Exchange through its many channels of information and the ledger experience of members will have a complete record of dealings with any specific importer.

On the other hand, the manufacturer who makes a practice of carelessness in foreign dealings, maliciously or otherwise, will be discovered. Many refusals to accept consignments of goods are not from dishonest motives on the part of foreign merchants, but because of a wide range of misunderstandings between buyer and seller.

And now let me point out another angle of the benefits of a corrective nature. For illustration, suppose we take the Tanners' Council as the trade association in question—also assume that the Exchange has been in operation for a couple of years. Consider the constructive and enlightening analyses that can be made of conditons within the Tanners' Council surrounding the export activities of its members. Consider the facts and figures that we can present to this association at given periods. Obviously, I am as-

suming that all members of the Tanners' Council engaged in export trade will be members of the Exchange.

We can give the exact number of shipments made by all its members of the Exchange. We can give the number of shipments that were in dispute because of faulty packing—the number in dispute because of quality—the number in dispute because of accidental damage in transit, etc. Our analysis will not only show the standing of the Association as a whole in these respects, but the experience of the individual. The results will show some membership concerns 100 per cent. on all counts—other concerns less, due to one or more of the causes. The corrective benefits accruing from such analyses are at once apparent—not only from the standpoint of the association in question and its individual members, but from the standpoint of America's export trade as a whole. I might mention that in discussing the plan and scope of the Mutual Exchange with officials of the Department of Commerce, this phase of our activity is considered of incalculable value—as also are the possibilities for the extension and stabilizing of our export trade through trademark protection through direct selling. Through its exercise of libel and seizure of goods in transit to a foreign merchant who becomes insolvent, the maximum salvage will be possible and the loss to the Exchange reduced to a minimum.

In putting the basic rate at 1 per cent. for the premium deposit, while in itself low, we feel that we are allowing ample to cover all requirements. At the same time, and looking ahead to when the Exchange has been in operation for a couple of years, say, we anticipate that the rate will be lower. Then of course we must not forget that this is a *mutual* company and that all unused premiums are returnable to the participating members of the Exchange.

In closing I want to make brief mention of our organization and executive staff. We have picked carefully. Our executives are men with a long and thorough knowledge of export trade and export problems—not a book knowledge, but the intimate working knowledge secured on the spot. Our men know the American exporter's side of it and that of the foreign importer—they have bought and sold goods in the foreign countries themselves, and by careful selection we have in our men a collective export experience covering the wide range of world markets.

The approval and endorsement of the plan has met our expectations. Those associations before which we have so far had

an opportunity to place it have put their O. K. to it—the Illinois Manufacturers' Association, the West Virginia Manufacturers' Association, the Tanners' Council, and others. The latter for some time had its own Committee working on the formation of a mutual Committee of the American Manufacturers' Foreign Credit Insurance Exchange, adopted it as their plan and formally endorsed it.

And I am satisfied, gentlemen, that the establishment and operation of this Mutual Insurance Exchange will be an enormous factor in overcoming inertia on the part of the American manufacturer (particularly the smaller) in seeking and establishing foreign trade. It will inspire the confidence that will come with the guaranteed reliability of the foreign merchant. In short, it will provide a channel through which the American manufacturer can build up a constantly growing, permanent and profitable foreign trade. (Applause.)

CHAIRMAN WILSON: That concludes one portion of the program, but it brings us to the most important part of it, and that is the exchange of personal experiences and the personal opinions of those who are in a position to have experience and opinions on anything that pertains to gathering information and then using that information to the benefit of credits in this country. We are now ready for the discussion.

MR. PETER C. WILSON (Getz Bros. & Co., New York): I have traveled down from Mexico to Panama, and I think I have visited every American consul in Mexico and all of the other cities south of there, and all of these consulates were furnished with lists of merchants handling every class of merchandise in that section. The lists are very complete, and I had no difficulty whatever in obtaining credit information regarding the men whose names appeared on those lists, and nearly every city I visited down there had an American bank or an American employee who was familiar with conditions in these different places.

It is a pity that every importer does not know that that material is available. My experience has been that it is the simplest thing in the world to get that information if you go to the right place for it. The American consul will furnish any man who applies for such lists a list of all merchants in the town in which he is located. Not only is this furnished for their town but for the towns in the vicinity.

In all of the Central American countries there is an American bank or a bank affiliated with American banks, and these banks will not only give you the information you desire but will take great pleasure in assisting you and helping you in every way possible.

CHAIRMAN WILSON: We have with us this evening a representative of R. G. Dun & Company, who has charge, as I understand it, of their foreign credits, Mr. Purdie, who will say a word.

MR. FRANCIS BAILLIE PURDIE (R. G. Dun & Co., New York): We have a booth downstairs and I was rather surprised to find out how many men did not understand that R. G. Dun & Company were operating in foreign lands. We have been in foreign countries since 1857—quite a long while. We have branches all over the world. I opened a branch in Mexico in 1887, a branch in South America in 1902; in Australia we have eight offices, four offices in South Africa and forty-three offices in Europe.

As to the class of information we give, all of these offices are managed by men who have gained their experience in the United States, so that the information we secure is exactly of the same character as you get from our office in the United States, and I needn't tell any one here what kind of information R. G. Dun & Company gives.

Regarding statements that the last speaker spoke of, I have had some twenty years of experience in the Latin-American country. I lived for nine years in South America and for ten years in Mexico, so I know something about the trade down there. I have had no difficulty whatever in getting statements from the people down there, quite as full as we obtain in the United States. As soon as they understood what a statement meant to them, and the same explanation that you have to make to an American merchant seems to be good enough, as soon as they understood you were the right sort of person, that is as soon as you gained their confidence.

It may interest you Californians to know that we have opened in San Francisco a foreign bureau that has on file here full information about South America, Central America, Hawaii, the entire Orient and Cuba, under charge of experts, and you can get your information right here and now.

I was very much interested in what Mr. Swift and Mr. Clausen said, particularly what Mr. Clausen said. It is so true that if you do not know a people historically, you do not know them at all. You

have listened to men here from the Orient within the last few days, and you haven't heard any man from Latin America, so far as I know. You do business in Arizona, you do business with your own people and you do not have to seek to understand them, nor have they to seek to understand you. You are the same people, under the same flag, enjoying the same institutions and doing business in the same way. It is not so abroad. It is not so in Latin America.

Let me fully endorse what Mr. Swift said, out of a long experience of very many years, that there is no market at the present time at all comparable to Latin America for the United States to-day and in future years—sixty millions of people now; twenty years from now, at the rate that the population is increasing, possibly one hundred and fifty millions. A non-competitive country; men who will give us in exchange for our food products the things that we want and will never compete with us. We are all in the western hemisphere, are one people, and should be one people economically. The trouble may arise in the East that Mr. Swift has intimated, but it can never arise in this western hemisphere.

Understanding the people historically is the point I want to make in regard to the Latin-American countries. What are the antecedents of the Latin-American people? The Spanish, living out of Brazil for the present time, with the Portuguese ancestry. The business leading men in Latin-American lines of business are men largely of Spanish blood. What is the history and the traditions of the Spaniard? Is it not that he is a man of honor; that honor means more to him than it does to us, not in practice, exactly, because we are as honorable and as honest as they are, but it is with him a part of his blood, his bringing up, part of the tradition so that it has become notorious that a Spanish gentleman's word is as good as his bond.

We have the native in Chile, or wherever he may be, mixed in with this Spanish blood. He has the native blood, and what is the history of the native? The history of the native is unquestionably that he is a man of his word. He never knew what a contract was until we went to his country, but he gave his word and his word was good and he kept it. We must understand those people. It is not sufficient to say "Latin-America" as it has been said here, because you have done business with other countries; and you cannot do business in the same way in Egypt, Spain; in Buenos

Aires, where one part of the population is Italian; the French are in one line of business, the dry goods; the British in machinery and hardware; and the Germans in pretty nearly everything; the Italians in wines and groceries, and so are the Spaniards; and so, you see, you haven't the same method of procedure with them that you have with other countries. You have your European to deal with you and you have as smart and sharp a European as you have anywhere in the world; so in dealing with Buenos Aires, the contract is a very excellent thing to have.

As to failures, we hear that they are extraordinarily large in Latin-America, but they are not. Failures are few and far between compared with certain sections of our own country, but don't get the idea because you see few failures in statistics that no failures occur. I have known men, scores of them that I have gone down there with, who have made statements, and I have put the question to them, "Did you ever fail in business?" "No." "Why, my dear sir, in 1900 you were in difficulties and you compromised with your creditors at fifteen cents on the dollar." "Well, so I did, but I paid in full—I paid all I could pay; I didn't fail, I didn't go into bankruptcy." So there are no statistics of the men who make these compromises and you must be very careful.

Regarding the approach to these merchants, it is very necessary to use tact and diplomacy, and they are the two things you must be careful to pack in your grip. We will say, as an illustration, in Buenos Aires there is a custom which is rather strange to us. When we go down for the first time, we must remember that the young ladies particularly enjoy being stared at; instead of taking it as an offense, they accept it as a great compliment, and very often if a young lady is not sufficiently stared at, she has a fit of crying. They expect to be stared at!

That is a good thing for you to know, for suppose you went to a man in order to do some business with him, and on the first meeting, of course, you do not talk business to him. You hand him a cigarette and speak about the weather. You come back the next day and if the weather has changed, you have some more conversation with him about the weather; and the third day you may go in and you may admire his store; and the fourth day, the chances are that he will ask you what your business is. There you have your opening, but if the gentleman's daughter is not in the store on the fourth day, on the fifth day, when he is prepared to

do business and you see the time has come and you are so interested in your business that you fix your eyes on father and ignore his daughter behind him, you make your deal and he goes home that night and his daughter says, "Who is that rude man in your store to-day?" And your deal is off. (Laughter.)

Understanding of the people is what I want to impress upon you. Read up their history, get the psychology of the Japanese, of the Chinese, of the Latin-American, and understand the different countries as well as we do our own. (Applause.)

CHAIRMAN WILSON: We have with us Mr. DeWitt C. Poole, Jr., Consul to Russia, who will speak to us a moment. We would appreciate his telling us what the Service is doing and what it can do in the way of furnishing information on the other side in the way of foreign trade.

MR. POOLE: You probably all know about the Consular Service. It consists of something like three hundred offices in all parts of the world. Wherever business is most important, there you will find the consuls, under the administration of the State Department.

Their most important function is promoting commerce from the United States, and for that purpose they are entirely at your disposal. You are not only privileged but urged to send letters directly to various consuls in parts of the world in which you have interests, and lists which give the stations of consuls in different countries can be obtained from the State Department in Washington if you will write there.

As I understand from the chairman, you are more particularly interested in credit information. The information given, in a more general character, relates to the market and to general conditions. As to credit, we are unfortunately under certain conditions.

You can readily see that it is a very delicate matter for a representative of the Government to take upon himself the question of judging the financial responsibility of concerns, and that has led to the point where we are not allowed to report. However, we are permitted to quote the ratings given by the commercial agencies, and in one way or another are almost always able to put you in a position to obtain the information you desire. Moreover, this rule is not so prohibitory as it might seem.

I think we must distinguish, in speaking of credits, between two classes of houses where credit may come into question. There are ordinarily reputable houses which come into financial difficul-

ties due to one reason or other—they are reputable houses but they have displayed bad judgment or something of that sort and have come into trouble. Against things of that kind, it is difficult for the consuls to protect you. To protect a concern against losses of that kind, it is necessary to have a very intimate knowledge of the interior workings of the concern.

However, there is another class, particularly in the newer countries of the world, firms that are inherently bad. Those firms are generally known and it is the business of the consul to acquaint himself with those facts, and then the consul who is up to his job (which almost every one of them is) will be able to tell you which are the bad houses in his district.

For reasons already stated, he may not be able to say to you directly that so and so is a bad house, don't trade with it, but in recommending houses with which you are to trade, he will be able to show houses that are known to be in bad shape and to suggest to you, in place of those houses, other houses who enjoy a good reputation and with whom you may reasonably and profitably deal. Of course, the consuls do not attempt to compete with the commercial rating agencies—you will have to depend upon them. The consul will seek to put you in touch with them and the consul is in position to quote to you, wherever he can, the rating given him by commercial agencies. He will also make a statement that in giving you such information he cannot accept any responsibility on his own part, nor on the part of the Government. With these limitations, you will find that the consuls are entirely at your disposal, they are anxious to get in touch with you and they are anxious to have you know about the trade opportunities in their district, and if you will write and get the list and then write to the consuls, you will find a very ready response and they will be able to give you all the information they have available about the conditions in their particular sections.

MR. J. J. WALSH (Manning Abrasive Co., San Francisco): In connection with the statements made by the previous speakers, I remember seeing a notice from the International Bank in New York City, in which they recommended very strongly that merchants should not adopt that method of securing information, but should address their inquiries to Washington, D. C., where the information is centralized. In other words, the State Department has taken upon itself the task of securing the information from its

consuls and then classifying it there where it is readily available.

MR. S. M. PHILLIPS (Phillips & Co., San Francisco): On credits, where the information was required in a hurry, we found it to be advantageous to cable, especially where the amounts ran into considerable money. We have found that the main trouble is that unfortunately English and German firms in the foreign countries send their young men out to the Orient for a three-year period to learn the psychology of the people and to get a line on their credits firsthand. We Americans have been very slow to do that. Studying the psychology of the people is one of the very most important things.

In credits, co-operation with its patrons by a bank is absolutely necessary. I learned one thing this evening, that you should have told me twenty years ago, Mr. Chairman, that when I have a letter of credit issued, it can be without recourse.

I have had a very profitable, unfortunate experience within the last three or four weeks with a very large reputable bank in San Francisco. The moral risk of my state of standing was beyond question. I furnished them with my financial standing and it was perfectly satisfactory. They opened up a letter of credit, irrevocable without protest from the people I bought from, and in due time the letter of credit was used. The documents arrived in San Francisco on the usual type of sixty-days irrevocable letter of credit for acceptance. After finding the moral risk so good, being in business for fifty years, thoroughly established, everything satisfactory, the credits amounted to pretty close to a half million dollars, the vice president of the bank suddenly discovered that there was a downward market and the only way to give me the documents when the financial situation became acute was either to pay cash or get my bank to guarantee the amount. My reply was that if they would pay my bank the one-quarter of one per cent commission, which amounted to eleven hundred dollars, I was pretty sure my bank would guarantee it. I saved the situation, however, by issuing my own check for a half a million dollars, taking up my payments at a discount. They offered me five per cent. That's the kind of co-operation we should have from our banks.

I have been all around the world and during that time I noticed that we Americans were conspicuous for our absence in foreign countries. If you want credit information from American banks,

you will get it; but unfortunately there are no banks in the particular towns you are doing business in and if their correspondents are German, English or French, you will find the information given you somewhat scant.

MR. L. R. COFER (Wells Fargo Nevada National Bank, San Francisco): There have been two or three observations here this evening regarding a confirmed credit and irrevocable credit without recourse. I think something should be said so that you have a thorough understanding of what credits are.

The usual credit that is issued on this side is a credit that provides for drafts to be drawn on a bank and it usually states the terms, and says if those terms are complied with, the drafts will be honored.

Credits that are opened on the other side, speaking of China or the Orient, usually provide that the drafts shall be drawn not on the bank but on an individual or firm. They are of a different form. The bank states that you buy those drafts if they are presented in the terms as stated and if they do not state that they are confirmed and irrevocable, there is no obligation on the part of the bank who notifies you here to take those bills, and that is where a mistaken apprehension has come up in a good many cases.

Some of you have a credit that is issued by a bank that provides that drafts can be drawn on that bank and gives an obligation in that credit, and you have everything that is gained by a statement that it is confirmed irrevocable.

The banks are usually the last resort to which you should go for information. You want to have your information sort of confirmed when you come to us, but I think in the talk here there has been an idea on the part of the American exporter that it is necessary for him to learn something of the people whom he is shipping goods to. You ought to take into full consideration that there is just as much responsibility when you are buying goods from a party on the other side as there is when you are selling goods to the other side.

As you know, before the war they required that you should give them a confirmed bank credit and they always knew what it was, provided that it must be drawn on the bank prior to the time the Federal Reserve Bank permitted national banks to accept them. Those credits that are open are irrevocable. That means that you cannot cancel them without the consent of the party in whose favor

they are given. They further state that when the terms are complied with, the documents shall be furnished.

So, with those credits, a man on the other side can draw an invoice and present a Bill of Lading and he may not ship anything which you think he is going to, and there is no chance to get out of it when those drafts are presented. There are a number of cases on file where people have felt that they would like to cancel their orders, and they do not see the reason why they cannot. They get a shipment that shows a defraud in it and they have tried to maintain those credits and they could not do it. It is a great advantage to know that those firms are perfectly responsible and that they will live up to the terms, just as much as the exporters on this side will.

CHAIRMAN WILSON: I have this inquiry: What is the experience of exporters in obtaining letters of credit from Latin-America?

MR. F. E. AUSTELL (Continental & Commercial National Bank, Chicago): I can answer your question directly by giving an experience of mine only ten days ago. A merchant from Central America, a Frenchman who had been educated in France, and who had been in business in one of the largest concerns in his country, Nicaragua, chanced to be in my office when I was discussing with my chief clerk the terms of a letter of credit, extended to us for a small importation from New York.

Before I go any further, let me say, in order that you may appreciate the conditions, people in general in Central America, even in the outside commercial centers, are better acquainted with the methods and customs of foreign commerce than the average American. Out there, products have to be exported and nearly all of their requirements are imported. Therefore, they do, in proportion to the value of their products and their consumption, a far greater export business than we do. Our consumption is here at home.

In spite of that fact, this gentleman asked me what a letter of credit was and how did it work.

A few years ago I was in Mexico. Mexico was then importing large quantities of wheat. We were not prepared to accept orders on the general terms with which we do business in Central America and South America. I spoke to them of a letter of credit and they didn't know what I meant, and they were unpre-

pared to furnish us with a letter of credit. Since then, in Mexico they have become educated, but in Central America they do not know what a letter of credit is. In the larger centers, in Peru, Bolivia and Chile, they do know what the letter of credit is; but in Equador, Colombia and Central America, they are at a loss.

In countries where you can secure letters of credit, they are at a tremendous advantage over such countries where they do not extend letters of credit. Sometimes we draw on certain customers and that involves a large expense because we have to pay heavy bank commissions to the bank collecting at the other end. In some countries a minimum of one per cent. is established. If we wish to discount our drafts here, to negotiate our drafts here, as you may well know, there are few banks that are equipped to do that.

It has therefore occurred to a group of friends with whom I have conversed on the subject, that possibly that condition can be remedied in this way—that on shipments on certain steamers, say \$50,000 worth of goods to various customers in South America, we would present copies of Bills of Lading to our banks, copies of our invoice, on which, of course, there would be the names of our customers, and that we make a loan, giving a note to the bank for that amount or a great proportion of that amount in such shape that these notes would be rediscountable by the Federal Reserve Bank in order to enable our banks to accommodate us to a great extent. That has just occurred to us and we have no details and that is why I am presenting this to you in such manner.

CHAIRMAN WILSON: The evening has been devoted more particularly to the gathering of the information and then using that information so that credits may be passed upon where there is no bank confirmed letter of credit involved. I shall ask Mr. Deans to say a few words to us before we close this session.

MR. H. G. P. DEANS (Merchants Loan & Trust Co., Chicago): There is nothing much that I can say in addition to the remarks I made this afternoon. I must say, however, that I have spent a very interesting afternoon and evening.

We, in Chicago, do a considerable foreign exchange business, but are not quite so intimately in touch with a business which originates in China and the East as perhaps you are, and consequently we do not have the intimate experience with that class of commercial letter of credit, if we can call it such, which really advises the exporter in this country that a certain bank, which is

usually named in the letter, is prepared to buy with or without recourse, such drafts as the American exporter may make, covering merchandise in China, when presented to that bank and drawn up under certain terms and conditions.

I do not know, and would like to, whether in the experience of bankers and exporters in San Francisco, shipments made under such a plan have been universally or generally satisfactory. It has always seemed to me rather a lax way of doing business.

My experience, not appearing to be egotistical at all, in foreign exchange goes back a great many years, and I must say that the experience of my clients who have bought goods abroad, referring now primarily to the period before the war, has usually been that they, on their part, were obliged to furnish an irrevocable bank credit. It was very rarely, indeed, that they could buy merchandise on any other basis.

It is true that a certain proportion of the flour export business in Chicago was done without the aid of commercial letters of credit, but that was largely because of the fact that the larger centers, in Minneapolis, Duluth, etc., including other Middle Western millers, and the Chicago packers, maintained large industrial commercial and financial establishments of their own in the principal commercial centers of Europe.

Previously bills made for foreign export business were usually made for very short periods, usually three-days sight. They were drawn against an acceptance by their house on the other side; and before the three days elapsed, the energetic men on the other side of the water had disposed of the merchandise, collected the proceeds of the bill, and met their obligation with the American banks at a discount.

I should like to know at this time something of the experience of your San Francisco exporters in that connection.

MR. L. R. COFER: I think it is well, in answering that question, to say first that I rather agree with the last statement as to apparent injustice of demanding from the American importer a confirmed letter of credit. We have known firms as well known here as they are in the Orient, and yet they have always furnished the letters of credit. The principal reason of that hasn't always been the demand on the other side, but it has been the custom that has always been recognized that the banks demand a better rate of discount over there, and it has also always been recognized that

the private bill is always more easily negotiated and has a more ready negotiability with the banks than others.

Answering the question as to the success and practicability of the authorities of purchase, I have been rather against them for a long time. In all my experience, I have tried to educate the people here in the dangers that surround them. I was one of the first to bring out a written circular letter calling attention to the fact that there were no established bankers' letters of credit. I know of cases where people were almost brought to their knees, where their letters have not been accepted. These people, in several cases great big concerns, were paralyzed—they felt sure they had a credit and were protected, but with the realization of that condition, most of them that are interested are demanding irrevocable features. They have asked for a confirmation of that credit on the part of American banks and that has caused a great deal of trouble. But, I would say that the general use of those authorities is because they are given without charge, usually, on the other side. The banks in the Orient do not issue those letters unless they believe that the people on the other side are responsible and are able to take care of their obligations, so the party here has an additional security over a bill that he might draw without the authority, in that he is already protected by the advice and the willingness of the bank on the other side to authorize the purchase of that bill, charged to their account, and you can get a statement of the standing of the party, and the firms there can readily secure that, because, as it costs them nothing, they are quite willing to do so. That is much easier to get in that way than it would be if they had confirmed credits.

MR. F. L. CLUTE (East & West Export Co., San Francisco): What is best in buying those drafts which you have authority to purchase from Far Eastern banks, to buy them without recourse or otherwise?

MR. DEANS: If they are bought without recourse, then they stand in much the same relation as when we buy such bills against the funds of foreign banks. In other words, we do not carry the bills ourselves, but they stand in a great deal the same relation as a payment against documents without a draft. Some of the Japanese banks open credits that provide for payments here against the invoice and other documents. The Japanese bank then draws

a bill under the credit for the authority that has been established.

A great many of the people are not quite familiar with that term and the mere fact that they have turned over their documents, without their credit and without their draft, does not indicate that there is nothing then that holds them as a matter of recourse; and the Japanese banks then take, in order that the bill may be used, the bill to a private party or merchant on the other side—something we will not do.

MR. COFER: As a general rule, when do you understand that the liability of your guarantee ceases?

MR. DEANS: Only when the bill has finally been paid. It is drawn at sixty days' sight; and I mean by that when the bill is paid here, not when it is paid on the other side. The party here is not relieved of the face amount of that bill until it has been finally paid, but the bank on the other side is obligated should he deliver those goods against warehouse receipts, and he cannot return the full amount of the original invoice; but under their terms, he might call upon them and say that he had receipted payment for a certain part. Perhaps before the whole bill has been liquidated, the customer has failed.

MR. COFER: That has a great value this way—A lot of people in this country are sometimes pressed to find people to negotiate shipments. This assurance that a man can find a bank that will advance the money is a great thing. The foreign bank knows that the people on the other side are good.

MR. CLAUSEN: There has come to me a credit established by the Japanese banks, which obviates the necessity of going after it all, called a deferred credit, I think. I think it is an ideal way for merchants to handle their credits. The merchant goes to the bank and delivers his documents and then his responsibility ceases if he pays the cash involved. I am wondering if one of our Japanese friends in the audience could tell us something about that.

MR. Y. IMAGAWA (Yokohama Specie Bank, San Francisco): In response to your inquiry, I am exceedingly pleased to explain to you the Letters of Credit and Instruction established by The Yokohama Specie Bank. Please understand that this explanation is made personally, and not as a representative of The Yokohama Specie Bank.

There are, as you know, many kinds of Credits and Instruc-

tions which are applied to every foreign transaction between Japan and other countries. However, I will confine myself to those which are in general use in American-Japanese trade.

There are two kinds of instructions, i.e., C Form Instruction and B Form Instruction, which are documentary Credits. They are issued by and available only between our home office and our other branches.

The C Form, which is an Instruction only, is issued for the purpose of authorizing negotiation of certain bills as specified in the Instructions. There are two important points which must be clearly understood by the beneficiaries availing themselves of this Instruction, which are; First: They are not relieved from the liability usually attached to the drawer of a Bill of Exchange, or technically considered "With Recourse." Secondly: The Instruction is revocable at any time by the Bank if deemed expedient in the interest of all the parties concerned.

The B Form, like the above, is an Instruction authorizing payment against specified shipments. It differs much in value, however, from C Instruction, as it is a Confirmed Irrevocable Bank Credit. In conformity with this Instruction the beneficiary is only required to sign receipts, accompanied by shipping documents, instead of drawing bills.

It gives me pleasure to take this opportunity to speak of Bank Credits issued by other local Banks in Japan, which are available through our offices. For many years past our former President, Mr. Inouye, was desirous of establishing a discount market in Japan for bank acceptances in foreign trade. After his utmost endeavors the Japanese local banks commenced opening their Letters of Credit available through our branches. These Credits are Confirmed and Irrevocable, but not always "Without Recourse." Some of them are very similar to our B Form Instruction in that payment is made against receipts, while others are stipulated to draw on the issuing Bank and, naturally, the drawers are held responsible as the drawer of bill until the acceptance thereof. At this occasion I am glad to emphasize that the Banks issuing these Credits are all first class banks in Japan and their credit is, of course, unquestioned. We are exerting our best efforts, as already said above, to develop a discount market in Japan, following the splendid example manifested throughout your system

in the United States, and that vast task solely depends upon your free acceptance of this kind of Credit. (Applause.)

THE CHAIRMAN: The meeting is adjourned.

ADJOURNMENT.

GROUP TEN

AMERICAN TRADE WITH RUSSIA

Thursday, May 13, 8:00 P. M.

Civic Auditorium

The session was called to order by WALTER D. COLE, President Oakland Chamber of Commerce.

VICE-CHAIRMAN COLE: As Vice-Chairman of this group, I have the pleasure of introducing to you this evening the ex-Secretary of Commerce of the United States of America and the present President of the American-Russian Chamber of Commerce, Mr. William C. Redfield. (Applause.)

THE INTERDEPENDENCE OF RUSSIA AND AMERICA

By WILLIAM C. REDFIELD,

President, American-Russian Chamber of Commerce.

There are several points of view from which Russia and America are interdependent: in such a way, indeed, as to concern every one of us in his personal life. We may first consider it as a general matter. One acre out of every six on this round globe is a Russian acre. One man or woman out of every eight human souls in this world is an inhabitant of Russia. There is, therefore, too much of Russia and there are too many of the Russians to make it sensible to ignore it or them. That great people form too large a factor in human life to make indifference either sane or safe. Their influence for good or ill is too great to make it possible to regard them as something apart with which we have little to do. We are influenced by a common humanity—the necessity of dwelling on the same earth forces a recognition that we have a deep abiding interest in the fortunes, the failures, the successes, the power for good or bad which lies of necessity in the hands of so large a fraction of the

human race. If we regard them from the standpoint of the white race, our interest becomes more visible, if not more real. The Russian people are the largest unit of white mankind. No two other white nations equal them in numbers. No other two white nations occupy together so large or so rich a domestic area. Our own great area including Alaska would be but an island in the Russian territory and the population of Great Britain and France added to our own would exceed but little the number of those who are ruled by Lenine and Trotsky. Russia therefore must interest America because she forms so large a part of this world in which we both must needs live together.

Secondly we may consider Russia as an immediate problem with specific relation to our own domestic and business concerns. And here the subject touches each of us closely. It enters into our every home and affects us all personally and directly. Whether we remembered it or not the Russian problem was with us at our breakfast table and will be close at hand when we sit down to dine this evening. It was so yesterday, and will be so to-morrow. Nay, most of us in our own proper persons are living exemplars that the Russian problem is near us all, is indeed literally around our necks, touching our individual bodies. The linen cloth which we used at our breakfast table and which we expect to use to-night when dining, our napkins, our handkerchiefs, our shirts, collars and cuffs, so far as these are or were of linen, as we prefer them to be, all these speak of Russia, speak eloquently indeed in the prices we have now to pay for them. For Russia is the great flax producer of the world. Seventy per cent. of it or more comes from her. Without this supply the linen industry of the whole world is crippled. For want of it the linen mills of Belfast are either idle or are producing other goods. For want of it also many if not most of us are wearing personally, here and now, substitutes for the finer and more enduring fabric we prefer.

But not only is the Russian problem around our necks—it is on our feet also. Russia is one of the world's great sources of supply of calf-skins. The want of this supply is reflected in the price of leather and of shoes. We have been and still are running the great leather and shoe industries with a large part of their raw material cut off because we cannot get it from Russia.

Thus seated, let us say, at our domestic board with our families around us and with the Russian problem adversely affecting our

heads and our feet—literally touching us from head to foot—think you we have finished with the matter? Not so—there is more to follow. The price of the bread upon our tables;—the cost of our food is affected directly by the absence of the Russian food supply from the markets of the world. Russia was, and it is to be hoped will soon again be, a great food exporter. Her wheat fed many millions in Europe who now are starving, save for such insufficient supplies as they can secure elsewhere. Into the great wheat vacuum, so to speak, caused by the absence of Russian wheat, our own supply of wheat is poured and the absence of her supply creates an additional demand upon us which is reflected in every bakery and grocery store. But this intimate personal relation which we all thus have with Russia is not our only immediate touch with that great country. She is the great source of supply for platinum and this metal is one of the world's urgent necessities. It is of vital importance to our industrial chemistry, it is used in every electric lamp, it is preferred for certain important dental purposes and our jewelers demand so much of it that our chemists have at times risen in protest.

There are other important products for which we depend in major part on Russia—bristles, for example, and furs. Her supply of petroleum would be enjoyed by the world, and its coming might be reflected in a reduced price of gasoline, of which fuel to-day our own production is badly deficient. But enough has been said to make it clear that the Russian problem is not a distant but a near one—in a true sense an American problem personal to us all. It is, of course, true also that we need Russia as a customer. She has long been a large buyer of our finished products, much larger than appears, because many of the goods sold to her were shipped to and through Germany. There are also great American investments in Russia which it is our duty to protect. These both are important links in the chain which ties us so closely to the Russian people. As quiet returns to that troubled land, Russia will need both fiscal and physical aid to reconstruct and enlarge her transportation system now gone derelict. These all are factors that make Russia and America interdependent.

Third, Russia presents to every American a social problem. She stands to-day for much against which we protest. The tyranny of a Czar has been replaced by the so-called dictatorship of the proletariat. There is not free labor in Russia; compulsory labor has

taken its place. Communism is the alleged order and the avowed spirit. The reality is autocracy, the rule of a few over many, based upon deceit and supported by terror. It would not, perhaps, be fitting to discuss this phase before a commercial body were not the rulers of Russia seeking to create disorder and division in our own land. They seek by official emissaries to interrupt the progress of American industry. At the very hour when they are offering what they think tempting proposals to our exporters they are sending messages of friendship and encouragement to the radical disturbers of our domestic peace. The propagandist of the Soviet Government is two-faced. He seeks the aid of our capital at the very moment when he would undo our capitalism.

Finally, Russia presents to us a serious political problem. She lies, a vast mass of undeveloped resources, between two other powers that know well how to utilize her mighty strength. Japan on the one side and Germany on the other are not blind to either the dangers or the possibilities that the problem of Russia contains. They need no urging to take a vivid interest in her affairs. Before the war Germany held substantially one-half both of Russia's export and import trade. When Russia settles down to a quiet life, commerce with her is the line of least resistance for German industry. A new Germany must needs earn its way in the world. In the general international markets she must earn her way against our competition and that of Great Britain and others. Not so in trading with Russia. German houses know that market; they understand the people, the places and the language. Few are as well fitted for this trade as they; none have so general and efficient equipment for it. Certainly Germany must turn to Russia. Whether she shall in time control the trade of the coming Russia is in no small part for us to answer. She certainly will do so unless we take active steps to do our part, to get our share. We need have no illusions about this. Germany as she revives will seek and perhaps find in Russia her way to wealth and power. She will try because she must try to develop the huge natural resources of her eastern neighbor. This is as certain as anything human can be. The open question is to what extent she will enter into control. Can America contemplate calmly a new Germany rising powerful on the ruins of the old, substituting hegemony over Russia's resources through her scientific and technical industrial staffs for the Baltic to Persian Gulf control she failed to secure by war? Here is a new, near, attractive, available

outlet for a revived Pan-Germanism. We need not concern ourselves now over the question of political control; it is economic control we have to fear.

On the other side of Russia lies Japan and the worst foe of the island empire is not so blind as to deny her initiative. A powerful party in Japan was educated in Prussian ideals. We need not assume on the part of Japanese statesmen a revival of the errors of Wilhelm II to find that Japan will also, because she needs must, play an important part in the future of Russia. She is a near neighbor. The Japanese fleet controls the Eastern sea. Her fishermen control the fisheries of Russia's Pacific coast. We have only to assume ordinary foresight on the part of the business men and financiers of Japan (who do not lack sagacity) to tell us that they too will utilize to the full the opportunity Russia presents. Giving them credit for using it wisely, peacefully and well, we may nevertheless ask America what she thinks of a new Russia with Germany and Japan on either hand skilfully boring their way into control of those vast resources which Russia owns but cannot develop, and which promise to the powers that do develop them opportunity for the commercial leadership of the world.

At present this opportunity is also open to us if only so be that we see it and are ready when the hour strikes. If we then halt, think chiefly of ourselves, have our eyes turned inward so that we see only our domestic concerns without knowing that our domestic life can never be separated from the great life of the world, then, indeed, opportunity may pass by on the other side. If we have the vision to see in Russia's need of development our own great opportunity for service and for reward, then we may so deal with her as to win her love and in her growth may ourselves expand into a larger and more fruitful life.

As you have noted I have not attempted here to suggest a solution for the present phase of our problem in Russia. It has seemed sufficient for the moment to make plain that it is *our problem*, not a vague and distant thing but a clear and near one. Others will discuss what we may wisely now do or leave undone. Suffice it for me to say in closing that we can have no compromise with dictators of any sort even if it be those of the proletariat. We will not admit the right of compulsory labor or the tyranny of a minority. Russia has, of course, the privilege of managing her own internal affairs as her people will. We are confident that the will of her

people, when it has found itself and shall speak its final judgment, will be consonant with the hopes and the practices of the free peoples of the world. (Applause.)

CHAIRMAN REDFIELD:—We shall now hear from Dr. David P. Barrows, President of the University of California. (Applause.)

TRADE POSSIBILITIES WITH ASIATIC RUSSIA

By DAVID P. BARROWS

President, University of California

I understand that one of the discoveries of this Convention is that there is a great and heretofore unappreciated territory of the world which offers unusual attractions to the commerce of this land.

In a sense it seems to me that the industrial impairment and paralysis of Europe affords an opportunity now to use language in a slightly different sense than was used a hundred years ago, the opportunity now to call into existence a new world to redress the balance of the old.

Asia certainly presents resources which must be of immense significance to the world at this time. Asia has unlimited supplies of labor, highly industrious, highly gifted, with great technical skill, ready to be utilized if it is once organized; and Eastern Asia possesses enormous undeveloped resources, adequate, I sincerely believe, to repair the tremendous waste from which the world at the present time is suffering.

Now I am asked to say a few words to you this evening upon Asiatic Russia; that is that portion of this vast continent of Asia which has been for a long time either in Russian possession or under Russian influence. And I think I should properly call attention not only to Siberia, that vast Russian possession, but to two great areas that are part of China, in which Russian influence and activity have been pronounced.

These two great areas are Manchuria and Mongolia. One of the things that strikes the traveler with immense astonishment is the fact that in spite of the enormous population of China, pressing upon one another in one of the greatest and fiercest competitive

struggles, the territory immediately to the North is unsettled—that great Wall of China which traverses the boundary for so long a distance and comes down to the sea, seems to shut off the millions of China from the great, undeveloped riches of Asia.

Mongolia, which lies to the north of this great Wall, is a territory equal in area to China proper; yet it has only about six million inhabitants, and these are nomadic peoples, the Mongols, living in their tents, herding their flocks of cattle, moving with the seasons, to the north of Siberia in summer and back to the great Wall in winter.

This enormous area is not arid as we have conceived it to be, but certainly far exceeds in productivity and water supplies great areas of our own country, which have proven most serviceable. In fact, in Eastern Mongolia I have seen country which I think is as fine cattle country as I have ever seen anywhere.

Manchuria is another surprise, for while Chinese, following the conquest of the Manchus in the Seventeenth Century, economically invaded Manchuria, they have settled only the northern half. In the south lies an immense area, certainly 900 miles from east to west and six to seven hundred from north to south, that is practically uninhabited. Yet it is magnificently watered by a great river and its soil, wherever it has been tilled, has given magnificent results.

Then when you come to Siberia, which covers the entire north part of the continent of Asia, even we who are accustomed to think in great proportions and to whom great figures and great dimensions are congenial, have to enhance our standards; for it is a thousand miles further across Siberia than across the United States. Russian scales are built on a larger pattern than our own.

You are not only in contact with the greatest stock of the white race numerically, but in contact with the people who are habitually accustomed to deal with things in a big way. Their ways may be wasteful, but none can deny that they are magnificently conceived; and with confidence and audacity they throw themselves upon gigantic undertakings.

I have heard it stated that Siberia is as large as the whole of the Dominion of Canada and the whole of the northern two-thirds of the United States; and I think it is safe to assert that there is as much splendid cultivable land as in this area.

You must not think of Siberia as an arid waste. It is a mag-

nificantly watered country, with some of the greatest rivers in the world, ending, it is true, in the frozen ocean, but with the soil of the oldest continent, rich and deep beyond experience.

The forests of Siberia are amazing. It is said the area is three times that of the forests in Canada and the United States. I don't know as to that, but I do know certainly of the great forest that extends north to the tundra, which is undoubtedly the greatest forested area in the world.

The fisheries, the furs, the mineral wealth of Siberia are very vast. Ninety-five per cent. of the platinum comes from the Ural Mountains. The great gold-bearing gravels of the Amur and its tributaries are perhaps the last great, unexploited gold regions of the world.

People say, "Yes, but isn't the country so cold that nothing can be done with it?" Well, it is pretty cold. The focus of the earth's cold is in Siberia at the river Lena, and it gets real cold there in winter—ninety degrees below zero.

A year ago at Christmas time I was north of Lake Baikal and it was cold there; it was fifty-eight degrees below zero, F. The bearded population of Siberia ran around cheerfully. Great frozen waterfalls, long icicles, hung from the nostrils of the horses, but no one stopped work. Bundled up in sheepskins, life and industry go right on.

The winter season is a very active season, the season of traffic. The bogs are frozen over; the roads are hard. Ceaselessly through the winter months caravans, sometimes of horses and carts, sometimes of camels, near the Mongolian frontier, pass through the forest out across the steppes.

It is the traveling season, the exploring season. In some degree it is the trapping season, the lumber season. A year ago last winter fighting went on through all the bitter cold.

For a race like the Russian, it is not an unduly severe climate. It is a dry cold. The Russians are habituated to withstand the utmost rigors of climate.

What of the population? It is sparse. It does not at first view promise to yield great markets. I suppose there are at the present time (no one knows exactly) about ten million people in the whole of that vast country. There are the aborigines who in some parts of the country, like the region of the Amur, are impor-

tant because of the part they play in the fur industry—and that is a very rich industry, especially at the present prices of furs.

The conquerors of the country, the men who settled Siberia and did it in a most extraordinary way, are the Cossacks. The Cossacks penetrated Siberia through the Ural Mountains in the Sixteenth Century. In sixty years this extraordinarily active race had taken possession of this entire northern world. You will find the Cossacks still all the way across the region, settled in great communities or stocks, each one with a particular designation. They are known as the Siberians all along the Yenisei. Further east you have other stocks, around Irkutsk—great stocks of exceptionally hardy people.

They are intractable, in a way. Their name is associated with a great deal of lawlessness. It is true that the old régime used them for the hard, ruthless work of the government, but they are the most amazing people physically. Never have I seen men and women of such vigor, of such vitality, of such extraordinary staying powers, as these people.

They were a privileged class, apparently, under the old régime for centuries. They knew no serfdom. They were entrusted not only with the conquest of the country but with the holding of the frontiers, and their whole life was spent in a condition of preparedness and soldiery. To-day the Cossack man, from youth to middle age, is obliged to keep himself in constant readiness for mobilization. He must keep his horses and equipment ready for mobilization.

They were granted extraordinary privileges. They were given large tracts of land; they are large landowners. Then they were given autonomy, which still operates. They meet once a year, or oftener, in a great, representative body, which they call a circle, and there they settle their Cossack affairs.

They choose their leader, a man who has a jurisdiction over them and who mobilizes them in the call of war. So you find this great Cossack community living in settlements which they exclusively occupy all across the continent.

Behind them came the exile, the civil criminal and offender. No one knows how many of these unfortunate people there were in the country. Before the last twenty years, before the penal system was abolished, at the end of the last century, 20,000 were sent there annually. After enduring a period of confinement they were

permitted to settle throughout the country. They form an important part of the population.

Then the political exiles, too, beginning with the Decembrist revolutionists of the year 1825, were represented by successive exiles to this country.

But you must not think of Siberia as a convict settlement. The policy was far more enlightened than that would represent. Years ago the Russian Government began to encourage the migration to Siberia of genuine peasants. There were a million and a half that went there in the fifteen years before 1905. The Russian Government aided them; it surveyed the land; it had a great colonization and emigration department which laid out whole settlements in various places of Siberia and assisted them in moving from the over-populated districts and settling there.

When I was with our forces, campaigning there, I passed through a great many of these peasant villages. I was surprised at the well-being of these peasants. There was an abundance of food, fine kine in the pastures, hives of bees, a fine stand of wheat, gardens full of kitchen produce, geese, poultry, and excellent log houses. The Russian is a master of the frontier implements, the axe and the adz, and constructs the most beautiful log buildings in the world. They live simply but with comfort and are adequately supplied with the necessities.

That, I think, is characteristic. Russian wants are simple but he wants a good thing. He wants a good pair of boots, a good quality in his clothing. I have been repeatedly surprised at the quality of goods affected and preferred by workmen. They want excellent material and nothing else will satisfy them, and you cannot offer them goods that are too superior, because that is their preference.

Well, now, these peasant communities have everything to recommend them except enlightenment. They are ignorant and stubborn and resistant in their ignorance. But they are unquestionably a gifted people. Break through this darkness which makes them the prey to the last propagandist or latest rumor to reach their ears, and you will undoubtedly awaken there a people of extraordinary possibilities.

But there are three things at the present time that hold back and stay successful enterprise. The first of these is the question of transportation. We have all come to realize acutely in recent

months how dependent the world is upon good transportation. What terrible suffering falls upon our communities when the elaborate system of transportation breaks down.

Transportation in Siberia has broken down completely. The very physiography of the country makes for transportation difficulty. Those great rivers, the Irtish, the Yenisei, and the Lena, all end in the frozen ocean. You cannot penetrate Siberia by going up her rivers. You can only do it by crossing her lowlands. That has held up the development of Siberia, although these great waterways are made up of streams which afford an immense amount of water transportation. There are portages between those streams and it is possible to travel largely by water from the Ural Mountains to Lake Baikal.

Nevertheless it is only locally that its waterways can be used. The old Moscow route ran around the Lake to the navigable waters of the Amur, and this road comprised a most extraordinary mechanism for travel. Men were served over it by relays of post horses and vehicles that traveled at an extraordinary speed, greater, I suppose, than similar distances were ever traveled.

They had a class of people whose business it was to drive these vehicles and maintain them. A railroad now follows very closely the old Moscow road and it is the greatest railroad in the world. This continent has seven or eight transcontinental railroads; Russia has only one and none was ever better built. Its durability and thoroughness is astonishing. It was built between 1891 and 1914.

The valleys are filled and eminences are leveled in order to give a perfect grade. All the bridges, tunnels, and culverts are done in a very splendid way. The stations are most abundantly supplied with sidetracks and facilities.

This great road bed is in order, I suppose, at this moment, from the Ural Mountains to Vladivostok. Very singularly, in spite of all the fighting and warfare that has gone on in Siberia in the last few years, the railroad has been broken only at two points.

There is a series of tunnels, I think fourteen of them, that carries the railroad around Lake Baikal. One of these tunnels was broken by the Bolsheviki and Germans who were with them in the summer, a year and a half ago, to stop the eastward movement of the Czechs. They packed one of these tunnels with an enormous quantity of explosives and dynamited the tunnel; day-

lighted it. That has been cleared and opened by the Czechs themselves. They pressed on eastward to the sea.

The other interruption was east of Lake Baikal. One of the remarkable steel bridges that crosses these rivers was broken down, or blown up, in May, nearly two years ago. I saw it blown up. I was with the forces of the Cossack leader when he was making his drive in that part of the country against these mixed forces of Russian Reds and enemy prisoners; and he drove on in a succession of hot little fights, about one a day, until they blew up that bridge and checked him.

That has been repaired beautifully in wood. They have let down into great gaps made by the destruction of the 350-foot spans, great wooden struts that are extraordinarily built. It is very beautiful as a piece of workmanship. That break is now all repaired.

I suppose that roadbed is all ready to-night for service; but the rolling stock, although there is plenty of it, is in a hopeless state of dissipation and disorder. The power is practically destroyed. Only one engine out of a great number is functioning, and labor has become rebellious and has left the work, and there is to-day practically no traveling over their railroad, and there hasn't been for nearly a year and a half, that was not forced over it by bayonet or tempted over it by an extraordinary system of corruption.

That is the great artery that supplies that country, that reaches Russia from this side. There have been times when, if this artery could have been converted into operation, there might have been enough good blood pumped through it to revive that great body of Russia and put her on her feet. But that step never was achieved.

The United States sent out a commission, and a very able commission, headed by Mr. John F. Stevens, who organized the building of the Panama Canal; and three hundred splendid engineers. But they were baffled by the peculiar political situation and have now practically retired without effecting anything.

There are other schemes for developing the transportation system of Siberia that I think I might speak of before I close. One is a scheme to develop a railroad system from the Ob river and across to connect up in Russia with the Archangel Railway. I speak of this because the Bolsheviks have been exploiting it. This is the great railroad concession which they have held out,

together with forest reservations, to tempt the avaricious into a resumption of trade relations. They have made that great bid and statements are that they have even gone so far as to grant the concession.

The other enterprise is a far more interesting one. It is due to a Dane, who some ten years ago conceived the idea that the best place for him to invest his immense wealth was in Siberia; and having spent a year or two in studying the field, he came to the conclusion that one of the most audacious enterprises was to develop transportation through the Kara Sea. It is north of Nova Zembla and is frozen over most of the year. For one hundred days in summer it is open.

These rivers run into it. There is plenty of transportation on the rivers. If you can bring cargo down to this sea and get steamships in to meet it, you have reached a possible source of supply for the center of Siberia and for the evacuation of the products that are too heavy to warrant transportation by rail.

He experimented for a succession of years. He was once or twice successful. He sent ship after ship. In 1897 he was accompanied by two Russian gentlemen and they made it a success. They took a cargo in through the Kara Sea; after considerable difficulty they found open water and landed at the mouth of the Yenisei. The venture was a success.

Dr. Nansen wrote a book of his observations upon this interesting journey. It is one of the most interesting books on Siberia. He called it "Siberia, the Land of the Future."

I saw this Dane in Vladivostok a year or so ago and he was full of optimism with respect to his plan, because the resources at the command of such an enterprise as that had been greatly enhanced.

He got in a cargo three years ago but, after having gotten it in and with enough profits in sight to recoup him for the losses of six previous years, his entire cargo was confiscated by the Bolsheviks. However, this route was used last winter and the French wireless equipment at Omsk was brought in by the way of the River Ob.

His plan is a very interesting and daring one. He purposes to establish a great port and depot here on the west side of Nova Zembla. There is open water all through the year. There, great cargoes can be concentrated. Then, during the weeks of open

traffic through the Kara Sea, seagoing tugs and barges can carry that produce in and bring out other cargoes, making seven or eight trips during the summer.

He finds through the use of hydroplanes that the entire Kara Sea can be viewed and photographed and mapped in the space of four days and the open water discovered, so that the great hindrances to the use of this route, namely the delay made necessary in exploring the route each summer, can be overcome. With the use of flying machines it can be done in three or four days.

Having exhausted the optimism of London, he is hoping to develop enough interest in New York to enable him to establish this plan. I speak of it because it seems to me one of the most original and daring conceptions which has been offered to the world for a long time.

Now the other great difficulty in Russia is the question of currency. There is at the present time no medium of exchange except barter. The country has been flooded by issue after issue of what is now spurious currency. The old Russian ruble held up, very well for a while. Two years ago in Siberia it was worth ten cents; it should have been fifty-one. It has now gone very low. The Kerensky issues have gone with it.

On top of these issues there have been emitted an enormous quantity of spurious money. Much of it was counterfeit; a great deal of it German counterfeit. The Germans are said to have purchased heavily in Russia and to have done it with money they themselves manufactured.

I asked a Russian officer, who had just come out of Siberia a year and a half ago, how much spurious currency he thought there was in Russia. "I suppose billions," I said; and he said, "Don't talk of billions; it is trillions!" At any rate, there is an enormous amount of currency and it has driven everything else out of exchange, except barter.

The only way to get around it is through the accumulation of great masses of material on both sides and some sort of an economic barter or exchange. That is a question, however, which I leave to the financiers.

There is gold, there is platinum, in Siberia which, with proper organization, would give them a sound currency system, but it awaits political action.

That brings me to the third difficulty with the country: its sad

and terribly disrupted political condition. It is not quite clear what is the situation in Siberia at the present moment. The attempt of the Siberian people to organize first an autonomous government, than an all-Russian Government, was viewed, I feel, with too much coolness by our own Government and the allied nations. There was a time in September, 1918, when if we had gone to the task, their government could have been sustained and the Russian question could have been settled, because Bolshevism was weak; and with a little support the armies of the Siberians and Czechs could have taken Moscow.

That period has passed. The forces of Siberia which were organized by Kolchak suffered severe repulses. They were ill-equipped and poorly armed and were driven back. Admiral Kolchak was finally secured by the Bolsheviks and he, together with his most interested officer, were executed. This force, the remnant of the army, is east of Lake Baikal and making something of a stand there. It is being supported by the Japanese, who have a division there.

A good deal of the country is not in the hands of the Bolsheviks proper, at all. The Siberian is not a Bolshevik, not a Communist. He wants possession of his land, of his property. The Communistic theories are not congenial to him.

But there is a Socialistic movement that has spread generally and most of the organizations in Siberia to-day are of a socialistic character. They have come to terms with the Bolsheviks; some sort of an agreement has been reached whereby the Bolsheviks are leaving them undisturbed and they are giving recognition to the Bolsheviks.

In conclusion I mention the Port of Vladivostok. It is one of the great future ports, for it is an emporia of the world. It is a magnificent harbor. We have the wrong impression of it, an impression which perhaps Russia at one time was ready to foster in our minds, the impression that it was icebound during a great part of the year.

I don't know whether last year was a typical winter in Siberia, but at no time during the months of last winter was the harbor closed; by the use of ice breakers it was kept open.

It is not only a port of immense strategic importance but important because of the enormous country behind it. It will be one of the great ports of the world, no one can doubt. It is

through that port that all the great enterprises will lie; behind that port American enterprise should address itself and give its attention.

We have no aims there except those of fair trade, beneficial to both sides, open to all nations engaging therein.

We seek to realize in that part of the world the doctrine of twenty years ago, associated with the name of John Hay, the doctrine of the Open Door. We want sovereign rights respected; sovereign rights kept free, trade kept free and protected.

If that is done, if our statesmanship and political affairs ever can go along with sound commercial enterprises, there is unquestionably one of the most legitimate fields for American effort.

To that great effort I commend you, and also to any effort that seeks to build up an understanding and friendship with that great people, who, in spite of their general ignorance and the awful distraction in which they are found, nevertheless do contain the greatest prospects of any element of the white race, more virility, more latent power, unorganized and unutilized, and a people who have bonds of attachment and interest to ourselves, who will find our institutions helpful to them and our friendship helpful, and who will welcome us as their friends; and from whom we ourselves can not only derive the great satisfaction that comes from amicable relations between peoples, but great benefit to the enterprises in which we are engaged. I thank you. (Continued applause.)

CHAIRMAN REDFIELD: We shall now hear from Mr. Jerome Landfield on "Current Conditions in Russia." (Applause.)

CURRENT CONDITIONS IN RUSSIA

By JEROMÉ LANDFIELD

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Executive Vice-President, American-Russian Chamber of Commerce.

A discussion of current conditions in Russia at the present time is liable to become controversial, because the whole subject has become so confused in the public mind, not only through the mass of deliberate propaganda that has been put forth, but also because of the ignorance of Russia and lack of background of the

numerous well-intentioned writers who have sought to furnish us with information. Yet there is really no reason why the subject should remain confused or controversial, for there is an abundance of reliable data bearing upon it. This data, however, requires careful study and comparison.

Upon the political situation in Russia I shall touch but briefly and only as it affects economic conditions. It is well known that in November, 1917, authority in Russia was seized by a small group of men who proposed to put into effect in that country an entirely new social and economic system in accordance with the Communist program. A portion of these men were fanatical adherents of this theoretical program, but a far larger number saw in the Revolution an opportunity for acquiring power and plunder. Being in a very small minority among the population, they took advantage of the abnormal conditions arising from the War and Revolution, as well as the ignorance, idealism and docility of the Russian people, to seize power, and they consolidated this by the formation of a mercenary army devoted to their interests, and by putting into effect a system of terrorization, which has continued to the present day. This briefly is the background of the so-called Bolshevik régime.

Almost from the first day the leaders found that when faced with the realities of economic life, the theoretical program would not work, and ever since that time they have endeavored by special decrees to alter and adapt their program so as to make it work. The result has been two-fold: first, they have departed far from Communism, and second, they have not been able to achieve anything constructive, but instead have destroyed industry almost completely.

A study of current conditions in Russia is a study of the developments which have taken place in various lines of activity as a result of the attempt to revolutionize them in accordance with Communist doctrine. The main fields with which I propose to deal, and concerning which we have definite and authoritative data, both from Bolshevik and non-Bolshevik sources, are agriculture, transportation, raw material and manufacturing industries, and trade.

The first of these, agriculture, is the most important, for Russia is four-fifths agricultural and all economic life in Russia is dependent upon it. The agrarian question, that is, the question of supplying peasants with additional land, has been the most serious problem of Russia for many years. Satisfactory measures for the

break-up of the peasant Communes and furnishing peasants with additional land were well under way when interrupted by the war. The Bolsheviks, as a means of swinging to their side the peasant population, proposed simply expropriation of all landed estates by the peasants. This resulted in anarchy and chaos, since there was no ordered program for carrying it out and no peasant felt secure in the possession of the property which he seized. There then ensued an interesting train of economic consequences. The strength of the Bolsheviks lay in the industrial workers of the cities and their problem was to obtain food from the country districts. As they had nothing but worthless paper money to give in exchange, the peasants very soon refused to deliver food and ceased to plant more than they needed for their own requirements. Then followed armed requisitions on the part of the Bolsheviks and the hiding of food on the part of the peasants. The breach between city and country that resulted is one of the most serious difficulties which the future will have to overcome, and among other things it has resulted not only in a shortage of food for the cities, but also in the retention by the peasants of all those raw materials which the Soviet authorities would now like to secure in order to exchange them abroad.

The state of transportation in Russia is catastrophic. In no country in the world is economic life so dependent upon railways as in Russia. This is due primarily to the climate, which closes inland water transportation for six months in the year, and to the absence of satisfactory wagon roads, owing in large measure to the same cause. Nevertheless, the railways in Russia were woefully inadequate for the needs of the population even before the war. Russia had 46,600 miles of railway as against 261,000 miles in America, or .26 miles per thousand of population as against 2.60 in America. Large projects were prepared for additional railway construction early in 1914 under the direction of the Ministry of Finance, and it was expected to build within ten years some 18,000 miles of new trunk lines and about 7,000 miles of branch or feeder lines. Unfortunately not only were these plans for building interrupted by the war, but the existing lines and equipment suffered great depreciation as a result of military operations. Following the Revolution there was great confusion and no attention was paid to repair and upkeep, to say nothing of construction. The Bolsheviks completed the ruin of the railroads. Railroad workers seized the railroads, considering that each section belonged to the men engaged

on it. All the income was taken by the workers as wages and the deficit made up by paper money furnished by the Soviet Government. Finally the Soviet Government nationalized the railroads, taking them out of the hands of the workmen, but so utterly incompetent was their management that there was no improvement in conditions. Labor efficiency declined to such an extent that almost no repairs were made on locomotives and cars, and practically all of those available were utilized for military purposes. Of some 10,000 locomotives that finally remained, there were last fall less than 4,500 in commission and very few of these were in really good shape. In many cases tracks were taken up from one road to repair another of military importance. The result is that for purposes of trade the interior of Russia is entirely cut off from the outside world. The first essential to starting business with Russia must be the rehabilitation of her transport system. It is manifest that England, France and Germany can play but a small part in this gigantic task. Russia will require at least a billion dollars' worth of railway material and construction to bring her back into anything like a normal position, and the one country that can furnish this material is America. In this lies our greatest opportunity, an opportunity, however, contingent upon the establishment in Russia of a régime that makes such an investment safe. Side by side with the trade opening afforded by this transportation problem comes the opportunity for the rehabilitation of railway supply industries in Russia itself. The time must come when the iron and coal resources of Russia must be utilized to furnish a considerable portion of our own needs in railway construction.

This brings me to a consideration of the industries which are concerned with the production of raw materials and manufactured goods. I do not need to dwell upon Russia's vast resources. They are very well known. What is less well known is the gigantic strides which Russia was making in the development of these resources just prior to the war. The Soviet régime has put an end for the time being to all production of raw materials except in certain very limited fields. With the removal of this incubus we shall see open to foreign enterprise a practically virgin field, comparable to the American continent of a century ago; with the addition of millions of intelligent white labor. Russia will then furnish to American capital its finest and largest field for profitable employment.

It will be easy, however, to fall into serious errors in thus em-

ploying it. In general there are two ways in which American capital may go into Russia. It may utilize French or German intermediaries, or it may go in directly. In the former case, we should be practically nothing but bond-holders in the enterprise, placing our money at the disposal of French and German industrialists.

On the other hand, the normal method would be to employ our capital directly. Unfortunately, the Americans have had comparatively little experience in conducting foreign enterprises of this kind and are liable to make the mistake of thinking that such enterprises can simply be transplanted from America. But conditions in Russia are very different from those in America and enterprises which do not take these differences into consideration are doomed to failure. The one way in which to succeed is to enter into mutual relations with experienced Russian industrialists, forming, as it were, a sort of partnership, whereby the special experience of the Russians and their knowledge of conditions can be utilized in connection with American financial power and such American ideas of organization as can be adapted to the special cases. Attention to these considerations will avert many a failure.

Practically the same thing is true with reference to manufacturing enterprises. Indeed the special technical information necessary for success of such enterprises in Russia is even more necessary than in the raw material industries. In this connection it should not be overlooked that the American capital invested in such enterprises would, for the most part, be expended in America upon the machinery equipment, materials and goods that are required to conduct the Russian operations.

The subject of trade with Russia is a large one and had I the time, I should like to go into it in great detail. In the past the Germans have occupied a predominant position in Russian trade. To be sure, they had in their favor certain advantages growing out of the 1905 Russo-German Commercial Treaty. But these advantages were small in comparison with those accruing to the Germans from their careful study of the Russian market, methods of reaching the Russian customer, credit facilities, methods of transport, knowledge of the language, etc.

The fundamental condition governing foreign trade with Russia is that of the immobility of the Russian merchant, which gives a great advantage to the trader who will offer him his goods delivered, with transportation and duty paid and a bill rendered in

his own money. Furthermore, it is necessary to pay attention to his special demands in the matter of dimensions, finish, packing, etc. All of these things the Germans attended to carefully, and Americans must follow the German example if they wish to succeed.

The matter of long-term credit played a very important rôle in securing for the Germans their predominant position. Naturally the German political aims that were bound up with her commercial projects influenced this to a considerable degree, and merchants received extraordinary accommodations from German banks for this purpose. Now, however, the situation is likely to be quite different. Under revolutionary conditions credit operations have practically disappeared, and the population has become accustomed to pay in cash. Furthermore, initial operations in Russia are very likely, to a large degree, to take the form of *barter*, and this likewise is a corrective of the habit of long-time credit. Therefore, it may be taken for granted that American merchants in beginning trade operations in Russia will not be placed in the same position as before the war.

There is no use of thinking of American trade with Russia, unless Americans are ready to send there plenty of young men prepared to settle down and learn the Russian language, and become thoroughly acquainted with Russian life and customs. We shall certainly lose out if we leave our representation in Russia to foreigners or even to naturalized Russians. The field is worth the effort and I cannot make too strong an appeal to Americans interested in foreign trade that they go about the matter in an intelligent manner with a view to a large future.

I can scarcely leave the general subject of trade with Russia without discussing briefly the present situation in regard to possible trade and the questions raised by the blockade, the Soviet Government's overtures, and the European economic situation.

Concerning the blockade there has been much misunderstanding. The refusal of our Government to grant licenses was based upon the so-called "Trading with the Enemy Act," which was considerably stretched in order to apply it to Soviet Russia. The blockade lost its significance with the failure of the national movements in Russia and in reality has served for little else than to afford material for Bolshevik propaganda. The real blockade on Russia is the Soviet Government itself and its monopoly of trade. It is to be hoped that the blockade will be speedily lifted, not because

immediate commerce is to be expected, but because it will nullify one of the features of Bolshevik propaganda and at the same time expose the real blockade.

In further explanation of what I call the real blockade, I may point out that any trade with Russia depends upon production of foodstuffs and raw materials in the interior and the transportation of them to ports. The breach which has sprung up between the country districts and the city as a result of the oppressive measures of the Bolshevik Government and its inability to furnish the peasants anything in exchange for their goods, may be said to constitute the real blockade and it is this blockade that is starving the cities.

If the blockade is lifted, there is little prospect of any considerable commerce for a long time to come on account of the following obstacles:

1. The Soviet Government has monopolized both foreign and domestic trade, and therefore all dealings must be had with the bureaucracy, which is both ignorant and corrupt. In this connection it may be pointed out that the Scandinavian countries, for whom no blockade existed, were unable to do business with this Soviet trade monopoly.

2. The fact that the Soviet Government has seized and confiscated private property of foreigners as well as of Russian citizens at once raises the question of legality of ownership and this is bound to lead to litigation.

3. The stocks of goods for exchange at ports in the hands of the Soviet Government are extremely small.

4. The complete railway breakdown in transportation of commodities to and from the interior.

5. The present situation with reference to the foreign obligations of Russia, both public and private, and the seizure of enterprises, partly or wholly owned by foreigners, makes the granting of credit to the Soviet Government out of the question.

The conclusion is, in view of these obstacles, that no real trade is to be looked for until transportation is rehabilitated and production begun again, and there is no hope of either of these eventualities under the present Soviet Government.

There has been great agitation in this country by the agents of the Soviet Government, together with a few speculators of more or less questionable reputation, urging the recognition of the Soviet Government and dealings with it. This propaganda has represented

that there were vast stores of goods ready to be exchanged and that if America did not at once take advantage of the situation, she would be outstripped by certain European competitors. It is important that all American business men should realize the insidiously false and pernicious character of this propaganda and take a firm stand that they will not countenance the sort of transactions which, for the sake of a little immediate profit for a few speculators, will jeopardize not only our future relations with Russia but tend to undermine our own standards of commercial morality.

In conclusion let me urge most strongly that American business men study Russia, her needs and her possibilities; and that they make the necessary preparations against the time that real trade will become possible. When this time comes, it will be found that Russia will constitute by far our most important customer and an unlimited field for profitable enterprise. Good business sense and foresight demand that we take a keen and active interest in this and that we do not pass it by with the remark that it will be time enough to consider trade with Russia when Russia shall herself be on the high road to recovery. Now is the time to prepare in order that at some future date we shall not be obliged to utter the sad words "Too late." (Applause.)

CHAIRMAN REDFIELD: The meeting is now open. Any questions?

MR. MILTON H. COOK (H. N. Cook Belting Co., Philadelphia): We have been doing business for a number of years over in Siberia and have some interests over there in the shape of sight draft cargo which is shipped over there on indirect orders of Captain Spangler, of the Purchasing Committee of the Allies.

The first shipment of this material arrived in Vladivostok. I would like to get information concerning the present status of the government in Vladivostok. I have done considerable business in Siberia for a number of years past and last winter received an order from our agent over there which he had received in turn from Captain Spangler, of the Allied Purchasing Committee, and shipped an amount of belting over there—amounting to \$50,000.

It went in three separate installments. The first shipment of this material arrived before the revolution; the second, at the time of the revolution, and the third we stopped at Shanghai. The one that is in Siberia cannot be removed, owing to the restrictions of

the Government. Our Government is more or less responsible for our sending goods in there; otherwise we would have stopped them at Yokohama and shipped when our bills were paid. We have received enough money to justify our sending them.

I understand that the Japanese, under circumstances of this kind, and the Chinese also, land a boatload of marines and go in and take their goods and say nothing about it.

I have communicated with the State Department through Kahn, who says our government will not treat with the officials over there for fear it would constitute acknowledgment of that government.

According to the present situation, an American could be murdered in Vladivostok and any of our officials could not do a thing. The Japanese and Chinese, in the question of goods, can go in and take them and go out; and I think we ought to represent to our government that we should take the same steps that the Chinese and Japanese do.

I think the State Department ought to be communicated with along this line and goods sent over there in response to orders from our Government should be released and some measures adopted for getting them out of there.

CHAIRMAN REDFIELD: It seems to me your question comprises several different questions. In the first place, if you have goods which were shipped in under orders which are virtually government orders, by the Allies, then you have a claim with the Interallied Economic Commission, or with some government officials, entirely irrespective of local Russian governments of any kind whatsoever.

In the second place, if we have a consul in a place like Vladivostok, that is an indication that the Bolsheviks' Government is not there; but whatever government is there, if we have a consul there, we are dealing with it.

Now as to the method we shall follow in dealing with it, whether we are going ahead, as you picture some of our neighbors doing, and taking the goods away by force by landing troops in that manner or in some other way, that seems to be the pertinent part of your question. I can't see ourselves going in and landing and taking the goods by force for a private citizen, because of the immense other difficulties that follow in its train. But I can see claims being lodged with our consul and pressure brought to bear

by our State Department for the adjudication of those claims because of their rightness, and not because you have sent the goods in on government order but because of the claims themselves, to be adjudicated in regular court.

The fact of the changes of government complicate the situation very much, but I do not see how our Government can land soldiers to replevin property from a soil that doesn't belong to us.

A DELEGATE: Do these conditions apply equally in the Caucasus?

CHAIRMAN REDFIELD: The conditions in the Caucasus are entirely different. There you have whole masses of little groups of peoples, only a portion of them being Russians. They were not very seriously overcome by the Bolsheviks at the beginning; and since, with the support of the British and largely on account of certain materials we wished to get out of the Caucasus, three little countries have been set up independently. Of these three, America has only recognized Armenia.

The other two are made up of peoples very much against us in war and they do not seem to have any stability politically. The latest news from there is that these peoples, although issuing a whole lot of money; although having had some trade because some of our houses with headquarters on the Continent, have got a considerable amount of wool from there, and hides and manganese; but in spite of that, these countries are to-day seriously threatened by the Bolshevik powers, which means that they are also disintegrating from the inside, and the last report is that the oil fields around the eastern end of the Caspian have been seized by the Bolsheviks.

A DELEGATE: As a point of information, could we have some facts as to the policy of the United States Government toward the latest activity of Japan in Siberia and the occupation of the Port of Vladivostok?

CHAIRMAN REDFIELD: The question is, what is the latest policy of the government toward the Japanese in Eastern Siberia and the occupation of Vladivostok?

I will answer frankly that we do not know. The matter is one which does not fall within the proper sphere of discussion of a private body of this character. It is immediately within the control of the Department of State and is receiving their constant attention; but it is in process of arrangement and it would be, if

we knew, grossly improper to state, and it would be equally improper to ask at this stage of the movement. (Applause.)

MR. G. J. BRUSHER (Standard Gas Engine Company, East Oakland): I would like to ask several questions: First, on these waterways that the gentleman has spoken of, what was the common method of transportation? Do they use sailing vessels? Do they use oil and to what point do they refine it? How much has the automobile and motor truck penetrated into Russia, prior to the recent troubles?

DR. BARROWS: My impression is that the transportation on these rivers is everything, from rafts to steamboats, and I don't want to underestimate the steamboats. There is an enormous amount of steam transportation. It is not in all cases, of course, in good condition. In many places it has been entirely stopped by an absence of fuel. The great Volga Fleet, which had some extraordinary ships, 8,000- or 9,000-ton river steamboats, was captured by the Czechs, and a year and a half ago it was frozen into the ice.

If you are interested in the sale of motor river transportation, either steam or anything else, I do believe that under normal conditions Russian Siberia offers great possibilities, if we could get the possibilities realized there.

MR. LANDFIELD: The number of automobiles in Russia is very limited, thanks to the roads; but a phase of the automobile industry, or especially the motor truck situation, which developed rapidly during the war, was connecting lines, for instance between mines and railroads. There are numerous places in Siberia of runs of from thirty to fifty to one hundred miles, where they built a road, but where that transportation would be carried on by the motor trucks entirely.

That was the case in the Caucasus in the south of Russia; and just before the war the automobile industry was developing in the Baltic provinces very considerably. In the rest of Russia it is held back on account of lack of proper roads.

It has been pointed out that an immense amount of stuff is taken in with these little carts; by whole trains of one-horse carts. A great deal of that in the future must be carried over by the cheaper method of motor trucks.

There were important steamers put on some of the rivers and they build four-screw steamers with the screws in tubes so as to

get the best effect for shallow draft work. I have traveled on steamers in most of the rivers in Russia, and for comfort and luxury they go ahead of any river steamers I know of in the world.

As to what they do with the oil; it is an asphaltum oil in the Caucasus. There are three chief fields, and years ago they started in refining that oil and they didn't make a great success. Later on they did better.

There is one pipe line, not for crude oil but for kerosene, running from the Caspian to the Black Sea, and that, I understand, has not been injured during these troubles; not blown up or damaged.

They burn oil on the river steamers and they burn it on the railroads; all within reach of the Volga burn crude oil or oil residue. The kerosene is rather a low proof kerosene, which is sold all over Russia and made down there. Gasoline they have not been working at so long, but they produce a very fair quality of gasoline and it commands a fine price. Many people point out that the future of the oil wells of the Caucasus ought to be the dominating factor of the oil trade in the Mediterranean bases.

MR. G. F. DRAKE (Drake Lock-Nut Company, San Francisco): I would like to ask Mr. Redfield, in connection with the motor truck and with this agricultural proposition—have they as yet visualized the idea of tractors in their farming operations and agricultural operations?

CHAIRMAN REDFIELD: They have visualized it. There are lots of students in this country studying tractors. They see the idea; but any one who starts out with the idea that there is going to be an immediate success in this line, makes a mistake for the reason that for a great time the demand will be for the simplest pieces of agricultural machinery, in the most primitive forms.

While the co-operative movement may help in supplying whole communities, the immediate demand is for the simplest and most primitive implements. Over two-thirds of the plows in use in Russia are wood. They haven't yet gained the idea of large operations in agricultural lines. They have more in the south of Russia and in Ukraine, where the proprietors operate estates. Certain of these proprietors are very up-to-date in all the technical and chemical and soil-expert side of agriculture.

MR. H. VIRDE (Commercial Attaché, Sweden): You probably know that Sweden discovered the United States. Columbus

got the honor, but we don't care so long as we did the work. But I don't believe that most of you know that Sweden founded Russia. The Swedes were the first settlers in Russia.

I wouldn't have taken the platform for that reason; but Dr. Barrows mentioned that the Kara route was one of the greatest transportation routes in contemplation, and that in 1896 a Dane made the trip under difficulties and that he believes now that the trip can be made with the help of the aeroplanes.

Now I can tell you that the Swedes made a trip twice last fall and they have had the whole thing put down on maps and it is very complete, I believe. I heard a lecture on it myself and saw the route outlined. It is very interesting how they made that trip.

I heard a lecture to-day about bartering and one man said they tried it with beans and lost \$1,000 on the beans, so there is nothing in the bartering game in his opinion.

The Swedes went over there with cargoes, and as fast as they unloaded they took new cargoes on, because they did not dare unload a whole cargo, because they might have to get out of town before they got anything in return. Anyhow, they unloaded half the ship and got that half filled; then they had to get out because the Bolsheviks were coming.

The Swedes are very close to Russia and you might get some help through Sweden. Now about the Bolsheviks. I will tell you what the Swedes did with them, and I think it is very good; I believe you should do the same. Emma Goldman is there now and you have some information from her as to how she likes it there.

In Sweden we had a strike and the working people had nothing to do but think of schemes, so one very clever man got up this scheme: "Let's all go to Russia!" Fine! All the working people would leave Sweden and emigrate to Russia.

Then the employers said, "Fine! We will all pay your tickets. You will get free transportation to Russia." Then they thought possibly it wasn't so wise to go. So they sent a couple of their leaders over there to investigate conditions in Russia and they came back, and we never heard a word about it. They did not tell us what the conditions were there, and the whole movement was stopped.

Send the people to Russia and let them see what the conditions are there and let them come back and tell you. They would tell it to their own people, but not officially.

Now they have over in Sweden really done some work this time, too. They have now developed in Stockholm, which is the nearest port to Russia, where conditions are safe, where the financial institutions are up-to-date—they have in Stockholm developed a free port that is ready now, where the goods can be shipped and you can at any day ship them from there to any port you like. They are safe there, in other words. You can ship them over in half a day or something like that, to any port you like.

I believe it is a good idea to co-operate along that line. You can do it through Germany. She would take care of it; if you simply left them alone or give them a helping hand, they will be very eager. Or you can do it through England. But I believe you can use all the channels and use the best one. Get acquainted with them all—and don't forget Sweden.

A DELEGATE: In relation with conditions regarding Russia, I would like to know how many people know the Russian language. How about the importance of knowing the language in commercial intercourse with Russia? If you omit that, you omit the most important factor which is necessary in dealing with a certain nation economically and commercially.

It is very important, to my mind, to know something not only about the people and means of communication and the country and commerce and agriculture, but to know something about the language of the country.

How many in the United States have schools to teach the Russian language? They depend mostly on unreliable translators.

CHAIRMAN REDFIELD: I am not prepared to say offhand how many there are in the American population that speak the Russian language freely. I do know that our organization is maintaining a Russian-speaking staff for the purpose of dealing with the very question you raise, and the Department of Commerce, when I had charge of it, in sending its men to Russia, always sent men there who spoke the Russian language and we had no difficulty in finding them.

I quite agree that an essential factor in doing business with a country like Russia is to speak its language, or one commonly known in that country. That, I think, covers my limited experience on that point.

MR. LANDFIELD: There has been too much of leaving the

business to natives of other countries because they could speak the language.

CHAIRMAN REDFIELD: I want to give you an experience: About the worst thing an American house can do is to trust its business into the hands of an agent who represents it—and a few other people.

When I had my own office once in the city of Paris and was attending a large exposition there, there was a group of American manufacturers who had their exhibits in the hands of an agent. He had fifty of them under his care. Each got one-fiftieth part of his time.

One day there came a very intelligent German—that was before the war—and he came to this exhibit of the American manufacturer that was immediately next to my own. He asked where the man was that had charge of it. I had all I could do to attend to my own affairs but I found time to tell him that he was somewhere, that I didn't know.

He came back. He asked the second time. The man was not there. He went away; speaking as he did very little English he found difficulty in making himself understood by the American manufacturer who had put his business in the hands of a man who gave him one-fiftieth of his time and spoke no foreign language at all.

In about two weeks the man came back. He had gone home and brought his daughter, who had been trained to be a school teacher and spoke English very well indeed. He had come back with her to see if he could do business with this American merchant; but he couldn't. He failed; couldn't find the agent, who was dividing his time somewhere among the fifty concerns he represented. He never got him. He went back home the second time in vain, having sought his best to do business with the American house, and having completely failed to do so.

I have seen, myself, all over the world, American business mangled, destroyed, for lack of attention to it on the part of the men to whom it belonged. Thank you very much for bringing up the point.

There is one fact we haven't mentioned which is vital to Russian life, the Russian Co-operative Societies, now in the hands temporarily of the Bolshevik Government, and impossible to do business with at the hour.

At St. Louis last week there sat beside me a gentleman at dinner who was the representative in this country of one of the great co-operative societies. He represented 2,000 different establishments in one line and a total membership of some five or six thousand individuals. He had property to the extent of eight million dollars seized, belonging to his co-operative society, but he had saved also property to the extent of some millions and was fully intending to maintain his organization and go back in business as soon as the troubles were over.

That Society had as a whole, I think I am correct in saying, something over fifteen million members. There are at least twenty million members of these societies all over Russia. They are accustomed to doing business on a very large scale. I have known of single transactions of \$8,000,000 in the case of one of these organizations.

They had a very large and prosperous bank of their own in Moscow and probably will have again some day. It is unique. We have nothing at all approaching it in this country. They offer, or will offer when things quiet down, I believe, an opportunity for getting back into Russia that is peculiarly valuable. If I had hope of getting into Russian business again I should keep a keen eye out for the restoration of the co-operative societies.

A DELEGATE: I would like to correct my question when I asked about Japan in Siberia. I had not in mind the policy; what I would call the diplomatic policy, which is simply a matter of the State Department, and personally I do not believe that they ought to be mixed in here.

My question was, in connection with a letter which a large steamship corporation received this week and which I had the pleasure of seeing, and that letter from their agent in Vladivostok stated that, due and owing to a large congestion of supplies at the port of Vladivostok, due to the lack of transportation and the impossibility of moving the material further West, and probably to the political situation just now—it would be desirable (and it is being talked of) of reshipping this material from the port of Vladivostok.

It is therefore the business men who are dealing or have their interests in foreign trade, that are interested to know whether the Japanese possession of Vladivostok, or their activities in Eastern Siberia now, will affect them to such an extent that though

they could probably ship before, they will not be able to take a part in the reshipping.

That is the information I would like to have and meant to ask for.

CHAIRMAN REDFIELD: It is natural that you should want to know an entirely proper thing about which you need information. But I am sure that we all must realize that matters in Eastern Siberia are in a state of flux. I do not know how any man can tell what the outcome is to be. I wish I knew. Nothing, I am sure, would gratify a large number of nations more than to be able to answer that question.

The future of that country is one of the matters which holds the world's concern. But who can say? How any living man can say what the future holds for it is quite out of my power to understand.

Now each one of these things in its present stage, and I say it to you without meaning the faintest criticism—one of those things in its present stage must necessarily be in the very process of diplomatic procedure that we can't avoid.

I don't know and I don't know anybody that does know enough of the hidden movements in men's minds as yet unrevealed, as yet undeveloped, or of the natural forces moving, or political elements moving, to say what the result will be. And how a business man under those circumstances is to act, it seems to me, can only be answered in one way, that he should put his problem directly in a letter to the Secretary of State, say what it is, and ask him how far it is possible to get information at this juncture, sufficient to guide him in his actions. That is all I can say.

If I were in my former office and that question was asked me by a business man, I should take him over, if I could, to the Secretary of State and tell him what the question was and ask him how far it was possible at this time to answer it; and that is the utmost that could be done.

That answer would be given in every capital in Europe in just the same way. When you are dealing with matters which are changing every day, with forces which are moving, which are not your forces, which you cannot control, which are out of your grasp, which may involve all sorts of issues, it is an impossibility to get a direct and immediate reply, even to so serious a question as that. I wish it was possible to say more, but I don't know how it is.

A DELEGATE: May I ask the program of the American-Russian Chamber of Commerce?

CHAIRMAN REDFIELD: The purpose of the existence of the American-Russian Chamber of Commerce is to deal with just this sort of situation; to collect first the facts of American interests which have losses incurred in Russia; find out what they are; get them tabulated, so when there comes a time of peace and sanity we may know what is to be done and for whom, and in whose behalf.

That is the first step to know. I have in my possession a letter in response to our request of our members for this information, stating that they had property amounting to forty thousand rubles invested, and I am not able to tell them when, if ever, they will get it back. But we are able to collect this information so that when there comes a time of peace in Russia we shall know how to act in their behalf.

Secondly, there are held in this country many millions of dollars of Russian bonds. A committee exists already for the purpose of dealing with what are known as the external bonds; that is for the purpose of caring for the American owners of those external bonds. We have just formed a committee for the purpose of dealing with the American owners of the internal bonds of Russia, of which there are owned in this country over one hundred million dollars' worth.

Now thirdly, we are dealing with propaganda of this Bolshevik government at its source, tapping it at its very root and endeavoring to expose it in every possible way. Any house that wishes the benefit of our Russian advice (I mean our Russian lawyers or American lawyers), or of the latest information on these very matters which we make it our business to keep and to obtain and to supply, can bring themselves into the most immediate touch with that situation by applying for membership in the American-Russian Chamber of Commerce, which exists solely for that purpose and is comprised of about 200 American business houses of high character, all of whom are more or less interested in Russian problems.

ADJOURNMENT.

GROUP ELEVEN

FOREIGN TRADE INFORMATION

Thursday, May 13, 8:00 P. M.

Civic Auditorium

The session was called to order by W. F. MacGlashan, President, the Beaver Board Companies.

CHAIRMAN MACGLASHAN: I will not take the time to make any comments, for those of you who have attended the meetings know that the purpose of this convention is to get information and handle the thing in a business way.

Mr. Brand is unavoidably detained out of town so that his paper will be read.

HOW TO USE THE FEDERAL SERVICE

By E. A. BRAND,

Secretary, Tanners' Council of the U. S. A.

Formerly Assistant Director, U. S. Bureau of Foreign and Domestic Commerce.

To detail the activities of the Federal service at Washington would, I am afraid, be as tedious as reading the provisions of a State Code. Therefore, I am approaching my subject of how to use the Federal service from the viewpoint of a secretary who is in search of definite information along particular lines such as the following:

- (1) Domestic production.
- (2) Tariffs and Labor.
- (3) General Activities at Washington.
- (4) Foreign Trade.

Domestic Production

Beginning first with metals the Geological Survey has a storehouse of information about available minerals and articles which

are made of metal. Their scientific men collate both domestic and foreign data in readable form for laymen. The Bureau of Mines is a source of complete information about the burning qualities of coal, oil and other fuels. The Bureau of Standards is conducting most valuable research work in regard to the melting and uses of metals.

Manufacturers of cottons, woolens, silks, linens, rope, cordage, linoleum or any textile will find much basic information in the several bureaus of the Department of Agriculture and the Bureau of Standards. The Forestry Bureau has a mass of data in regard to newsprint paper production.

The Office of Markets and Bureau of Chemistry, Department of Agriculture, know about all there is concerning the movement and preservation of food products. With respect to drugs and chemicals, the Bureau of Chemistry and the Public Health Service are principal sources of information.

The Federal Trade Commission has a vast amount of data relating to the cost of producing various articles, much of which is in published form. I will refer to this again under the heading of "Tariffs and Labor."

It, of course, is understood that almost every branch of the public service compiles statistics but it is not always possible off-hand to determine just where to go for certain figures that are needed in a hurry. Therefore, it is advisable to always have on hand a copy of the Statistical Abstract, published annually by the Bureau of Foreign and Domestic Commerce, which contains condensed tables of all Government statistics. The Census Bureau also publishes an industrial "Survey" which is very valuable.

A word should be added regarding Government statistics in general. Some weeks ago the undersigned attended a meeting of the American Statistical Association and the principal subject of discussion was the improvement of the Federal Government's statistical service. Very nearly every other speaker made unfavorable comments about the work of the Government bureaus. But it is my belief that a part at least of the responsibility for the inaccuracy or delay in compiling and promptly issuing Government figures should be shouldered by the trade associations. We should see to it that men with technical knowledge assist in the preparation of forms and, if necessary, secure the passage of laws that will

insure prompt and accurate returns. Moreover we should assist in the examination of final results of investigations.

Tariffs and Labor.

These subjects have been combined because of their co-relation at certain periods in national legislation.

As regards *foreign tariff rates*, the Bureau of Foreign and Domestic Commerce has an extensive library containing all foreign tariffs and taxation laws of foreign countries and, through the aid of the Diplomatic Service, its experts keep currently informed about all changes that take place. Full information will be furnished to any inquirer. The Pan American Union also has in pamphlet form the translated tariffs of several of the countries south of the United States. It should be added parenthetically that the patent and trade-mark laws of all foreign countries are also on file in the Bureau of Foreign and Domestic Commerce.

As regards a *change* in a commercial treaty or customs regulation of a foreign country, the Foreign Trade Adviser of the State Department is the officer with whom to communicate.

The administration of the United States tariff is in the hands of the Customs Service, and questions that cannot be settled by a local collector should be taken up with the Customs Division of the Treasury Department at Washington.

The Federal Tariff Commission and the Ways and Means Committee of the House of Representatives are sources of past facts and figures concerning *tariff legislation* and *desirable changes in the United States tariff*. Since we have not yet arrived at the point where the tariff will be taken from politics, both the Tariff Commission and the Congressional Committee referred to should be approached in regard to desirable changes in the present law.

Inasmuch as every industry is fully informed about its labor costs, the statistical data along this line compiled by the Bureau of Labor Statistics is largely of historical value. But industries such as tanning, which employ much foreign-born labor, are interested in reports of the comings and goings of foreigners as reported by the Bureau of Immigration.

With regard to costs of production we will probably be called upon to secure at least pre-war data when the United States tariff is taken up for revision—probably early next year. So it is well

to remember that there is a mass of statistical material at Washington available for distribution. The Tariff Commission inherited the results of about a dozen investigations by Taft's Tariff Board and the Department of Commerce, and has also added largely thereto. In connection with its cost investigations the Federal Trade Commission has also compiled a number of valuable documents. And don't overlook the hearings of the Ways and Means Committee.

Washington Representation

There is so much going on in the way of National Legislation and a good many things happening in the various Federal departments, that it is necessary for a large trade association to maintain a regular representative at Washington. It is quite easy to make a joint arrangement. For example, our representative looks after the interests of several other associations and firms. He has been a great help in connection with members' claims against the Government, securing bills from Congress, hurrying the issuance of passports, copying statistics at the Commerce and Census Bureaus, taking up disinfection matters with the Agricultural Department, handling Internal Revenue questions, etc. A great deal of use is also made of the facilities of the National Chamber, and their capable experts advise us concerning tendencies in Congress and of many other subjects.

Foreign Trade

The two great agencies for promoting the foreign trade of the nation are the bureau of Foreign and Domestic Commerce and the American Consular Service. Only since 1908 has the Bureau of Foreign and Domestic Commerce grown from an office occupying a three-room cubby-hole, with an annual appropriation of \$15,000, to a service with a big central information office at Washington and many branches in the United States, Commercial attachés in the principal embassies, and traveling trade experts scattered all over the world. The Service was built up under the leadership of Mr. A. H. Baldwin, now with the Guaranty Trust Company of New York, with the writer as an assistant. No one believed in the Bureau in the early days of its existence—not even the Secretary of Commerce. After a first-hand study of most of the

Governmental bureaus in Europe, I can truthfully say that our own Bureau at Washington is the best in the world. The present director, Dr. Philip B. Kennedy, measures up fully to his big job. The central office is well organized into geographical divisions and has the most detailed data about foreign buyers, tariffs, trade-mark laws, commercial travelers, statistics and every other subject connected with the promotion of foreign trade. In years past I have seen copies of replies to hundreds of letters from consuls to American firms furnishing information that could easily have been secured at Washington and a number of weeks saved in securing same. In short, it has the finest commercial library in the country. There are probably 20,000 volumes in it and it is open to everybody interested in foreign or domestic commerce.

The American Consular Service

The director of the American Consular Service is Mr. Wilbur J. Carr, and he is one of the most capable officials in Washington. It costs about \$4,000,000 to maintain the Service but about \$1,300,000 of this is covered by consular fees. This sum includes salaries, travel, rental and office expenses of nearly 300 consulates and a large number of consular agencies—non-salaried positions. There has been a great deal of criticism in years past about the personnel of the Service, but it can be said with certainty that practically all of the old political appointees are gone and their places have been filled—through an appropriate examination—by capable young men ambitious to make a success of the work. Of course, you will always find in the best organized service insolent and indifferent people, but this is now the exception and not the rule with the American Consular Service.

It is pointed out that trade promotion is only one of the many functions of a consular officer. He certifies to all shipments from his port to the United States, visés passports, looks after ship clearances, pays wages of American seamen, reports on quarantine and immigration matters, makes fiscal statements to Treasury and crop reports to Agriculture. In China and Turkey he has judicial functions. He even certifies to marriages and deaths of Americans in his district. In the large cities such as London, Paris, Shanghai and Buenos Aires, he has several deputies or vices, and the work is partitioned. For example, there is usually one man

who handles inquiries from firms in the United States and receives traveling salesmen visiting abroad. At the smaller posts the consul and one deputy usually do the whole job.

As far as trade getting is concerned, our consuls are far more active than those of any other nation. Indeed, some British consuls are said to believe such work beneath the dignity of the office. Our people also do a better job than Germans, notwithstanding the boasting talk to the contrary.

In conclusion let me say that most of the public officials at Washington and in the field take their work seriously. They welcome constructive criticism from and closer contact with the various industries which they are endeavoring to serve. (Applause.)

CHAIRMAN MACGLASHAN: We are particularly fortunate in having Miss Rose to address us as her experience in the National City Bank of New York places her in a position where she can give us a lot of information. I am very much pleased to call upon Miss Rose.

THE SERVICE OF BUSINESS LIBRARIES

By MISS A. L. ROSE

Special Libraries Association

I can quite imagine that the picture which came into the minds of many of you when you first read the announcement on the program of a talk on Business Libraries, might well be described by this verse from a poem by Edmund Mumford Jones entitled "Gargoyles."

Behind the desk stand the librarians,
Bleak women, spare and angular and thin,
Impersonal as God or Death,
And in their eyes and on each masked countenance
Sits changeless irony to watch your whim.

But times have changed and so have libraries and—librarians. Sometimes we even have a man in that position! I can not hope to tell you to-night with any degree of completeness of the service which a business library can render to its patrons, but if I can turn your thoughts in that direction so that you will look into the sub-

ject for yourselves if you are interested, this talk will have served its purpose.

Since August, 1914, when the world war jolted us out of our sense of all sufficient complacency, merchants, manufacturers and business men of foresight have recognized the necessity of being accurately informed as to opportunities in foreign fields. The time for guessing has passed. Our erstwhile enemies, the Germans, long ago realized this, and with their well-known and painstaking thoroughness they studied in advance every market into which they hoped to penetrate. As one means of doing this, many concerns developed well-organized commercial libraries or information departments and the card index was developed to the nth degree of efficiency. Herein lay the foundation of much of the German success in foreign markets. In the United States many new commercial libraries have sprung up recently in response to the awakened interest in the value of printed material, while those which were already established have grown with great rapidity. Take as an example the library of The National City Bank; while a force of four assistants could handle the work in 1914, now a staff of thirty-two can barely cope with it. Business concerns feel the need of knowing more about foreign countries and their needs, more about their natural resources and economic conditions as well as something of the characteristics of the people with whom they desire to establish business relations. They must have information as to markets, their size, location and character; they must know how and where and through what media to advertise; how to pack for export; they must make themselves familiar with shipping facilities and trade routes; with methods of financing trade, with the weights, measures and currencies of various countries; they must study the laws of the country with which they desire to do business in order to see how these may affect their special lines of merchandise; they must have information about prices, about labor conditions, transportation facilities and about the kind of competition which they are likely to meet. On all of these questions much general help can be obtained from printed material before representatives are sent to gain the specific knowledge which brings actual orders. An incident which is said to have occurred recently, but the exact truth of which can not be vouched for, illustrates how much can be saved by a proper preliminary investigation. A concern in the Middle West decided that there ought to be a market for portable

houses in the devastated regions of France, whereupon a shipment was made ready which in due course of time reached the docks of New York. While the men in charge of these houses were waiting to sail, a vessel came in from France bringing among its passengers a man conversant with conditions there. He informed the men who were just about to board ship that wooden structures were forbidden by law in that portion of France. Their only course was to return from whence they came, sadder but wiser men.

In the book "Boston's Special Libraries," by Ralph Powell, published in 1917, it is stated that in Boston alone at that time there were sixty-six different special libraries. These included newspaper libraries, public service corporation libraries, engineering, banking, insurance and chemical libraries and so on through a long list. They were made up, not by any means of books alone, but of maps, clippings and pamphlets, of material of all kinds arranged in vertical files, of shelves of directories, in fact of everything which could be of service to the concerns whom they served. Some indication of the trend of the times in the establishment of special business libraries is shown by the following short list representing various interests, and selected at random from all over the United States.

American Telephone & Telegraph Co.

General Electric Co.

Western Electric Co.

New Jersey Zinc Co.

U. S. Rubber Co.

National Aniline and Chemical Co.

Scovill Manufacturing Co.

Portland Cement Co.

Yale & Towne Manufacturing Co.

A. W. Shaw & Co.

Metropolitan Life Insurance Co.

Guaranty Trust Co.

Stone & Webster.

National Cash Register Co.

Detroit Edison Co.

Packard Motor Car Co.

Famous Players-Lasky Corporation.

Goodyear Tire & Rubber Co.

Burroughs Adding Machine.

I am informed by the Secretary of the Special Libraries Association that the number of Special Libraries in the United States now reaches nearly 400. In the library of the Famous Players-Lasky Corporation it is often necessary to obtain from books and magazines the most unusual but accurate information in order to accurately portray the scenes, costumes, etc. The library of industrial chemistry of Arthur D. Little, Inc., of Boston supplies each of the specialists in the different fields of chemistry with the latest information in his particular field and gives trustworthy information on any line connected with industrial chemistry. The Public Service Corporation Library of New Jersey furnishes material dealing with rate cases, franchises, depreciation, and the valuation of public utility properties, etc. In Akron, Ohio, it has been suggested that the various rubber manufacturing firms unite with the Municipal University in forming a library which shall contain not only material of technical interest but also on all the interests of the industry. The National City Financial Library, which serves not only The National City Bank but also The National City Company, endeavors to give information on the very wide range of subjects in which these two concerns are interested. In our corporation finance files we have material on about ninety thousand corporations, domestic and foreign. These files contain for the most part indentures, balance sheets, circulars, listing statements and newspaper clippings. We have an index of all the companies mentioned in the Commercial & Financial Chronicle since 1910, as well as references to articles in many other magazines published not only in this country but in the principal countries all over the world. We have a card catalogue of about 24 trays containing references to magazine articles on various commodities and articles of interest about all countries of the world, their economic condition, finances, natural resources, transportation facilities, in fact anything which might prove of interest to our users. In addition to this, we have a regular card index of about sixty trays, in which books and pamphlets are indexed under author, subject, and sometimes title. In indexing a book, we do not consider it sufficient to note it merely under author, title, and a general subject, but we go through it carefully, page by page, to see if anywhere there is concealed even a short paragraph on some subject on which we have no other material or in which the material is compiled in a different way, and which some time in the future may prove to be of use. No

sentence or paragraph is too short to be indexed if it contains worth-while material.

The special libraries movement is confined not alone to the United States. A commercial bank in Brazil has written to us asking for information in regard to establishing a library there; Glasgow, Scotland, has a Commercial Library which is interested in furnishing information to those engaged in the business of manufacture and mercantile affairs, that is, in material dealing with the source and nature of raw materials, means of transportation, cost of production, etc. The General Export Association of Stockholm, Sweden, has recognized the growing importance of a national Commercial Library for, they say, "the need of this (the commercial library) becomes even greater in a land where commercial industry is on the increase."

The aim of all special or business librarians is to supply information on the subject in which their concerns are interested. To build up a collection which will accomplish this purpose it is necessary to lay first a foundation of general books of reference such as encyclopædias, maps and atlases, almanacs, dictionaries and directories, standard works on foreign exchange, foreign weights, measures and monies, marine insurance, practical books on exporting and shipping, commercial geographies, histories of commerce, foreign correspondence, etc.

Up to this point the special library will work along the same line as the public library, but when we come to its second function, if it is to prove itself worth a place, a difference shows itself, and from then on it must become a vital living organism watching for material along every possible line in which the organization is, or is likely to be, interested; collecting anything which may be of use, whether it be newspaper or magazine article, pamphlet or book, sorting and arranging this and bringing it to the attention of those most needing to see it. This involves close and discriminating reading of newspapers, magazines, trade papers, and house organs, as well as publishers' catalogues and government check lists. It is not sufficient to wait for a definite demand. The need must be foreseen and the material ready for use when called for, as otherwise its usefulness is gone before the material is secured.

Material which has been worked over and carefully compiled for publication in book form is often out of date by the time it is printed, so that it must be supplemented by pamphlet material and

by magazine articles, and these in turn must be brought up to the minute by well-chosen clippings from the daily papers. Even though these last named sources cannot be relied upon for absolute accuracy and for final decisions, they are extremely valuable when filling their proper niche in the collection of information. Government publications of all countries in which an organization is interested must be available for consultation if a correct estimate of the possibilities for development of trade with that country are to be formed. Also not only the last numbers of a publication must be on file but they must reach far enough back to give a range of figures. For instance, 1913 editions of statistical annuals are necessary in these abnormal times to give an indication of conditions before the war.

I will only call attention in passing to the almost unlimited wealth of material contained in the publications of our own government as that has been covered by another paper this evening.

Perhaps a better idea of the work the library should do can be obtained by a concrete example. Let us suppose that some business proposition comes along which makes us interested in learning something about Kauri Gum. Perhaps we have never heard of this product before. We can, of course, look in the dictionary or encyclopædia for a general idea of the subject, but we need more definite and up-to-date information. So we look in the card catalog where we note several recent magazine articles giving fuller and more recent information on the subject. Then we go to the clipping file, from which we get a little more light; by this time we learn where it is produced, and from the statistical annuals of these countries, we find exact figures in regard to exports and imports, manufactures, etc. When all our sources of information are exhausted we have a sufficiently good working knowledge of this special industry to guide us in further action.

Every alert librarian feels her work to have been to some extent a failure if she can not produce at least a little information on any subject about which she may be asked. It may be that the only information which she can give will be the name of an expert on that particular subject, or the name of a concern who has a library which has specialized along these very lines. As it is obviously impossible for one library to have all the material on all subjects, the next best thing is that there be vision enough to cover the most vital interests, and common sense enough to keep a record

of where other sources of information may be found with as little delay as possible. In our catalog we record under a subject the names of accessible experts in this line, whenever we know them, as well as where special collections may be found.

One practice which interferes noticeably with prompt and efficient service is the habit of asking vague and indefinite questions. If information is desired on the cattle industry in Brazil, don't ask for everything which the library has on the cattle industry but make your request specific. It will save both you and the library time and annoyance. Another Don't! If you have in mind some specific bit of information which you wish to obtain and you know that it is contained in a certain book, don't ask for that book without first telling what information you desire. If that source of information is not at the time available, it is more than probable that the same facts can be obtained from sources other than the one you have in mind. Don't be afraid to take the librarians into your confidence. You will obtain much better service by so doing.

To sum up in a word, the service of a business library is to intelligently collect information of every nature, to bring it to the attention of men too busy to do this for themselves, and to so arrange it that it may be instantly available for service whenever needed. (Applause.)

CHAIRMAN MACGLASHAN: Profiting by the experience of former conventions, the committee in charge of this one have furnished ample opportunity for you all to enter into discussions of each paper, and I am sure that Miss Rose will be glad to answer any questions that any of you may wish to ask.

MR. R. A. JOYNER (American Trading Company, San Francisco): Is there any complete index of the business libraries available in the city of San Francisco?

MISS ROSE: Not so far as I know. The only index I know of is the list of the members of the Special Libraries Association. How many of those libraries are members of that association I don't know. They are working now in the larger cities trying to get lists of the special libraries in each of the larger cities, but as far as I know San Francisco has not yet attempted it.

MR. JOYNER: In order to obtain the name of this special librarian in any given line, whom would it be best to address in that connection?

MISS ROSE: I would write to the secretary of the Special Libraries Association. That at present is Miss Liebmann, of the Ronald Press, in New York.

MR. W. R. FORKER (Moreland Motor Truck Co., Los Angeles): May I ask, is this service available to the general public or the general business public—of your own library?

MISS ROSE: Of the National City Bank Library?

MR. FORKER: Yes.

MISS ROSE: It is supposed to be available to depositors and clients, and we do answer a great many questions from all over the country.

MR. E. A. LEROY, JR. (Asst. Secretary, National Foreign Trade Council): I just wanted to say a few words in answer to a question that is often asked us at the main office in New York, "What information does the Foreign Trade Council supply?"

To begin with, the Council does not itself supply information on commercial opportunities except as such information is brought together at National Foreign Trade Conventions. We probably cannot state whether there is a good market for dried fruit in South Africa, nor can we be of much assistance in helping an applicant to find a position with an export or import concern, yet there is considerable information of practical use which the Council is in a position to supply:

First, as to sources of information: the work of the Council is so varied, both geographically and in subject matter, that it brings us constantly in touch with organizations which are showing great activity along some special line, and to which it would be advantageous for us to refer those seeking information on that topic. For instance, if some one wished information on the effect of British Imperial Preference on the export of hides and skins from India to the United States, it would at once occur to me that the Tanners' Council of the U. S. A. has a committee interested in the subject, that the State Department has special information, that the *Boot and Shoe Recorder* of Boston has commented editorially on it, and that the whole problem is closely allied to the need for a bargaining tariff and therefore to the United States Tariff Commission, which is about what we would reply to our correspondent.

Second, as to matters of policy: the Council and its Conventions have always given a great deal of attention to this side of

foreign trade. We do not believe that it is "high-brow stuff" to consider trade tendencies, distribution problems such as the allotment of a percentage output to Foreign Trade, the relative value of different sales methods, possibilities of improved or standardized forms, the conduct of education for foreign trade, etc. Consideration of ideas of this kind is essential to a greater and better foreign trade. To meet a continuous demand for condensed information on the problems of policy confronting the would-be foreign trader, the Council last year prepared a small leaflet on "Starting to Export," contained in which were a number of suggestions as to methods of trading and as to sources of more detailed information. The "Proceedings" or stenographic reports of previous Conventions, of which only the fourth, fifth and sixth are now available, probably contain more sound statements on matters of policy than any other three books published. Requests for specific information on any policy problem will always be answered as fully as possible after consultation with those best qualified to advise.

Third, as to matters of technique: Last winter the Council, in co-operation with eight other associations interested in foreign trade, issued a pamphlet entitled "American Foreign Trade Definitions" in which the relations of buyer and seller under ten common quotations were described in detail and in which certain recommendations for a standard practice in the use of export quotations were made. An original distribution of 20,000 to the members of the participating associations has brought in requests which to date have forced us to print 70,000 additional. It has also brought us in many requests for decisions on specific cases. This, the Council is glad to attempt. We give a direct reply if the answer is clear; if not, the matter is referred to a committee of most experienced foreign traders and their conclusions are sent to our correspondents. The Council is also working on a standardized bill of lading and it has been suggested that the Council formulate a standard American letter of credit and a standard set of Marine Insurance "conditions."

Finally, as to matters of National legislation: the Council is in close touch with Washington and all Congressional bills are examined by the Secretary to determine the need, if any, of action on the part of the Council. It is therefore possible to supply information on the progress of specific bills, on the attitude of Congress

toward certain pieces of foreign trade legislation and on the need for new legislation.

As the Council is maintained by its seventy-four members as a patriotic duty, all requests for information are answered gratuitously and in as great detail as the situation warrants.

CHAIRMAN MACGLASHAN: Very good information, Mr. Le Roy. Are there any questions? This matter of business libraries is becoming more recognized as having a tremendous value, as brought out by Miss Rose, and I want to make sure that you have all had an opportunity to bring up any questions that you may have in mind.

We are very fortunate in having with us Prof. G. B. Roorbach, of the School of Business Administration, Harvard University, and his address will be "A New Commodity Classification for Trade Statistics," and I am pleased to introduce to you Mr. Roorbach.

A NEW COMMODITY CLASSIFICATION FOR TRADE STATISTICS

By G. B. ROORBACH

Professor of Foreign Trade, Harvard Graduate School of Business
Administration

As business becomes more and more a profession, with its policies based upon scientific method, rather than upon "instinct" or "hunch," the need of more accurate, more reliable, more usable statistics becomes imperative. In the new era of world trade which most of us believe is now facing the United States, the demand that the Government furnish us with the best possible means of obtaining basic information is becoming more and more insistent. Governmental statistics do not now give us what we wish, nor what we need, for the purposes of everyday business, not to say anything about their deficiency for making fundamental economic or trade analyses.

Now the very basis of trade information lies in the statistics of imports and exports and production as collected by our Government and the Governments of other commercial nations. On them we depend for the analysis of our trade, be it an analysis of our commerce as a whole, or of the trade in any commodity or group

of commodities in which we are interested. If those statistics are inaccurate, or inadequate, or not suitable to our needs, our decisions based upon them are unsound and misleading, even if any decision at all can be founded upon them.

Our own Government, through the Bureau of Foreign and Domestic Commerce, has spent much effort and expense in collecting and publishing trade statistics. These statistics are of great value in many respects, but they also are very seriously deficient in other particulars. They fail to reach their maximum value for commercial interests, largely because the classification of commodities, on the basis of which the figures of trade are collected, is outworn, clumsy, illogical and non-commercial. This classification was not made; it grew through the years by additions here and changes there, without any clearly defined principle of classification nor any system of arrangement.

The import classification was designed solely for the gathering of import duties, and with very little, if any, reference to commercial needs. The export classification, although not made for tariff purposes, followed the same haphazard plan as the import classification. Partly alphabetical, partly according to groups of commodities, it followed no order or plan. As the classification has grown in size, it has become more and more unwieldy, and, what is more serious than this, it has in many instances been unable to serve the exporter and importer with the data needed.

The import and export classifications as now used, while similar in their general characteristics, are two different classifications. As a result, it is impossible in a very large number of cases to compare imports with exports. In some instances, this impossibility of comparison is due to a difference in classification; at other times it may be due to the different units of quantity used. As an example of many that might be cited—it is impossible to compare in detail our imports and exports of cotton cloth, due, both to the different classification of cotton cloth, and to the fact that imports are given in square yards, while exports are recorded in linear yards.

Furthermore, in a large number of instances, old and obsolete terms that to-day are without any commercial significance, clutter up the schedules with useless items while commercial interests are looking in vain for the kind of information they should have.

Recognizing the need of an immediate revision of the import

and export classification, in the Fall of 1918 an informal conference was held in Washington of representatives from several departments of the Government interested in improved foreign trade statistics. As a result, the then Secretary of Commerce, Mr. Redfield, appointed an Interdepartmental Committee to investigate and recommend a new classification. The work of this Committee was completed about a year ago, and is now in the hands of the Bureau of Foreign and Domestic Commerce, who are to put it into effect on January 1, 1921.

PRINCIPLES THAT HAVE BEEN FOLLOWED IN MAKING THE NEW CLASSIFICATIONS

In making the new classification the following have been the guiding principles:

1. The new classification is primarily commercial. A classification of commodities for import and export trade should meet the needs of exporters and importers and manufacturers. It should be one that will serve to the fullest possible degree commercial interests, while at the same time it serves the statistical needs of the Government. In conformity with this principle, commodities are grouped in the new classification according to their commercial relationship as far as this is possible.

For example—all textiles are put together under one main heading, and subdivided as to cotton, silk, wool, jute, etc., instead of being scattered through the classification on a merely alphabetical arrangement. This arrangement not only brings all the textile groups together, but allows for a place in the classification for those textile products which are a mixture of different fibers and can be classified only with difficulty under any specific group, other than miscellaneous textile products.

Under each of the main subdivisions of the textile group, the classification proceeds according to a commercially logical scheme. Raw cotton will, of course, make up one group; cotton yarns another; cotton piece goods another; cotton knit goods still another; and each of these can be still further subdivided to any desired degree of uniformity. Under each subdivision, care is taken not to put together items that do not belong together. For example—in the old classification now in use, “pipes and fittings” are recorded together as one item. The result is that neither the makers of pipes

nor the makers of fittings can use the statistics. Each of these items represents a separate industry and should not be given as a single commodity.

2. A decimal system has been followed. Three reasons make a decimal scheme amost imperative. Any classification adopted for the recording of trade statistics must be so elastic that it will allow for almost any degree of expansion or contraction, and yet the addition of new items or the exclusion of old ones must not destroy comparability of the statistics from year to year. One of the chief values of statistics is to compare commodities over a long series of years.

Furthermore, a scheme of classification must allow for differences in detail between import and export schedules and at the same time allow comparability. Lastly, the scheme must be readily adapted to mechanical tabulation. The decimal scheme as worked out meets all these requirements.

This can best be illustrated by a brief description of the schedule. All commodities are divided into ten great groups as follows:

- 0—Animals and animal products.
- 1—Vegetable food products and beverages.
- 2—Textiles.
- 3—Wood, wood products and paper.
- 4—Plant products, other than foods, fibers and woods.
- 5—Non-metallic minerals.
- 6—Ores, metals and mfgs.
- 7—Machinery and vehicles.
- 8—Chemicals and chemical products.
- 9—Miscellaneous.

Group 2—Textiles is divided as follows:

- 2—Textiles.
- 20 Cotton
- 21 wool
- 22 silk
- 23 flax
- 24 jute
- etc.

Cotton is then subdivided:

- 20 Cotton
- 200 cotton, unmanufactured
- 201 cotton yarn
- 202 cotton cloth, unbleached
- 203 cotton cloth, bleached
- 202 cotton cloth, yarn dyed
- 205 cotton cloth, dyed in the piece
- 206 cotton cloth, printed
- 207 cotton cloth, all other
- etc.

Each of these 3 figure headings are, or can be, still further divided and subdivided; for example:

200 Cotton, unmanufactured
2000 sea island
2001 short staple upland
2002 long, staple upland,
etc.

It is obvious that in the above scheme, any desired degree of refinement can be reached in the subdivisions. It is also evident that one degree of refinement can be used for exports and not for imports, and still give us exact comparability between the two. For import we may wish to record only the item "cotton unmanufactured," while in exports we may wish to give all the detail as to different grades of raw cotton. We then can compare our total trade in raw cotton, and, at any future time, if the need should arise, could give the same detail for the imports of cotton as the exports.

In the case of cotton cloth, for imports we may wish to show "cloth, unbleached" subdivided in one way to meet tariff provisions, and for exports no such subdivisions, or a different subdivision. This can be done, but at the same time our item of "cotton cloth, unbleached" in exports will be comparable with imports.

Furthermore, it may be desirable in the future to add items, or to omit those which have become obsolete or unimportant. This kind of revision can be done under the above scheme without impairing the comparability with the past. In this way we provide for a maximum of elasticity, but comparability from year to year is maintained.

3. Trade statistics should be made comparable with statistics of production and transportation as far as this is possible. Not only is it highly desirable that we should be able to compare our import trade with our export trade, but it is equally important that we should compare them with production figures. At present this is impossible in very many instances. The commodity classification used by the Bureau of the Census in obtaining statistics of manufacturing production is not comparable with our foreign trade statistics. We cannot compare imports and exports with production. As a result, we can not get accurate figures on consumption. Likewise, commodity classifications used by the Interstate Commerce Commission for statistics of transportation of commodities

cannot be compared with our foreign trade movement of commodities.

We have attempted to co-operate with these agents in securing greater comparability and, while the result has not as yet been accomplished, a beginning has been made and ultimately must be successful.

HOW THE CLASSIFICATION HAS BEEN MADE

Having explained the principles that guided in making the classification, the Committee through its own membership, and by consultation with the best authorities in the various departments in Washington, made out a preliminary classification for each group. At the time this preliminary work was done there were in Washington in the various War Boards, like the War Industries Board, the War Trade Board and the Shipping Board, many practical men from the business world who were able to supplement the suggestions of the commodity experts in the regular government departments, and hence we were able to get at once a preliminary classification of both technical and commercial value.

When these preliminary classifications were completed, we submitted them to competent authorities for final criticism. For example: the cotton schedule was submitted to the National Association of Cotton Manufacturers. This association in turn appointed a special committee to examine our classification and report. The iron and steel schedule, after it had been worked out in co-operation with the U. S. Steel Corporation and dozens of other steel concerns, was finally submitted to the Iron and Steel Institute. The Institute sent the classification with a letter of explanation to a large but selected list of its own members inviting criticisms and suggestions, and the final revision was made by a second conference of leading steel men, taking into consideration the suggestions and criticisms made by mail. Several trade journals also published the preliminary schedules to invite criticism. Similar co-operation has been obtained for the other schedules such as the hide and leather schedule through co-operation with the Tanners' Council; the paper schedule by co-operation with a committee of the Technical Association of Pulp and Paper Industry, an association which represents the best and most progressive manufacturers in this country; the wood and wood products schedule by co-operation with a commit-

tee from the Forest Service; the non-metallic minerals by a committee composed of representatives of the Geological Survey, the Bureau of Mines and the Minerals Section of the Shipping Board. The silk schedule was revised through the co-operation of the Silk Association of America; the rubber schedule by the Rubber Association, the hardware schedules by the National Association of Hardware Manufacturers, and so on.

As a result of this method, the Committee felt that it had in most instances, at least, a classification for each group of industries that is not only satisfactory as to its details, but one that is conforming to the organization of our productive industries and bound to meet the needs of their individual trades.

The classification as finally made by the Committee was approved in substance by Secretary Redfield a year ago and on September 1, 1919, was turned over to the Bureau of Foreign and Domestic Commerce. Due to lack of help and the new problems involved, it was decided in December last to postpone the putting of it into effect until January 1, 1921. In the meantime, the Bureau has been preparing it for publication. I am told that it is planned to publish the schedule soon after July 1st, providing Congress does not further limit appropriations for the statistical work of the Bureau.

Any further postponement of the putting of the new schedule into effect would be very unfortunate. The need for improvement is imperative; the time will never be so auspicious as now. As we enter the new era of foreign trade development we should have at once a body of statistical data that will give our exporters and importers the necessary information that they need for the wise and effective planning of their work.

INTERNATIONAL UNIFORMITY IN TRADE STATISTICS

The revision of our own commodity classification has raised the question of securing greater uniformity internationally. The extreme diversity of commodity classifications used by different nations in calculating and publishing their trade statistics is a source of inconvenience and confusion to the business world that should be removed. Before the war the need was felt and an initial effort was made to remedy the situation at the International Statistical Conference in Brussels in 1913. The war, however,

has greatly emphasized the great usefulness that uniformity would serve, both for governmental purposes and for business interests.

The present lack of international unity in trade statistics makes it very difficult, and often impossible, to compare the trade of one country with another, either in great groups of commodities or in individual items. For example—an American exporter of steel cannot compare American exports of steel products of Argentina with English exports to the same country. This is true in dozens of other cases. This inability is due primarily to difference in classification. That the ability to make such comparisons would be extremely valuable is beyond debate.

Not only do the classifications of different countries vary, but the units of measurements vary—some give, for a given item, value only, another will give weight, another some other unit, making it impossible to reduce quantities to any common terms. Even in the case of values, the different countries employ such widely divergent systems of computation that an accurate comparison by value is hardly possible. One country will give for imports “c.i.f.” values; another values at the port of shipment; another will establish arbitrary values.

The desirability of avoiding the inconvenience caused by this situation is obvious. That a considerable degree of uniformity can be secured is likewise clear, if the business interests make it evident that such uniformity is desired by them.

Already a very substantial amount of agreement has been achieved between the Canadian classification and the new American classification, through informal conferences held between the Canadian statistician and the Committee that framed the revised American classification. Several European officials have expressed their interest and desire to reach some agreement in this respect. It has already been proposed that this subject be considered by the International Chamber of Commerce which is about to be organized in Paris. With the demand of business backing it, the various governments of the commercial nations will soon find a way for securing essential uniformity.

No time could be more suitable for inaugurating better statistical records of trade than the present. Our policies, as individual companies and as a nation, must be based upon facts and figures at once complete, reliable and serviceable. The new classification is a big step in that direction and nothing should be allowed to stand

in the way of its immediate adoption for our own trade, and no opportunity should be lost in furthering the attempt to secure uniformity of classification among all the commercial nations of the earth. (Applause.)

MR. W. S. TOWER (Consolidated Steel Corporation, New York): I have no question that I wish to ask, because I think the case is stated clearly by Mr. Roorbach; but I want to say a word about the desirability of having this group put itself on record as favoring the new classification in order that the subject may then be considered by the General Committee of the National Foreign Trade Convention as a topic appropriate for incorporation in the Final Declaration. It probably is true that most exporters and importers at the present time pay relatively little attention to the export and import statistics, mainly for reasons hinted at but not elaborated on by Mr. Roorbach, that is to say, exporters and importers pay comparatively little attention to the statistics published by the Bureau of Foreign and Domestic Commerce either because they are late in being published, or when published are not in the form wanted. Mr. Roorbach cited the case of pipes and fittings. We for instance are interested in knowing what the trade is in pipes, and do not handle fittings; but in view of the fact that the statistics are published on pipes and fittings together we are at a loss to know what the trade in pipes has been, and how much was fittings and not pipes. A proper classification would make it possible for us to determine to our own complete satisfaction just exactly what the situation is in the export trade in this kind of commodities which we handle. In other words, we are interested in a classification which is a trade classification built up on a scientific basis to meet the present needs of our foreign trade campaign, and not in the continuation of a classification which is quite inadequate to meet the present needs because it is more or less the unorganized product of a good many years of grafting on to original stock. If this Group session should commit itself with reference to this new classification, and request the General Committee of the Convention to consider it for incorporation in its Final Declaration, I think it would go very far toward improving the chances of the classification being put into effect at an early date rather than dragging on more or less interminably into the future. I think also it would probably improve the chances of

favorable action on the bill which is now before Congress calling for an appropriation of \$40,000 for the reorganization of the statistical work of the government relating to export and import trade. That bill, which has not yet been presented I believe—not issued yet from the committee which has it under consideration (although I may be wrong on that point)—will make it possible for the first time probably to put our trade statistics on an effective basis, and by that I mean a basis which is fairly comparable to that which is represented by our principal competitor in foreign trade, the British government statistical practise with reference to trade relations. You may be interested in knowing that as a general rule we receive in New York the monthly statistics of British trade before we receive from Washington the monthly statistics of our own foreign trade. Specifically I would like to cite a case in our own experience last February, when our London office secured for us a published document showing the trade of Britain with the world, both export and import, by commodities, showing the sources of imports and the destination of exports, received by our London office on the 7th day of February, covering the trade of January, 1920. That printed pamphlet was in our office in New York on the 24th of February. Our own figures came through in a preliminary form from the Custom House on the same day covering January, but they were not published for circulation by the office in Washington until some weeks later. Generally about six weeks is involved between the close of a month and the appearance of our export and import statistics, whereas it is very rarely the case that the British figures are more than seven to twelve days later than the close of the month in the published form in which they are circulated; or, to state the case in another way, it takes twice as long to get the published figures of our own country as the published figures of the United Kingdom. Now this bill which is going to be considered at this session of Congress will make possible the reorganization and reequipment or further equipment of the statistical bodies that have the work in hand in such a way that they may have a fair chance of becoming efficient. The desirability of the efficiency being increased I think can be illustrated best by explaining to you the situation which obtained in the case of the March figures of exports and imports. We have been very much concerned over the likely effect of adverse European exchange on our export trade, and almost all the live exporters have been watching very closely

the returns of our trade during the last several months to find out just exactly what the effects of this adverse exchange on our export business have been. Each man knows more or less for himself, but he does not know the whole situation for the whole trading community. Almost everybody expected exports to fall off very sharply in March as a result of the very adverse exchange situation which reached its most acute stage on the 4th of February, when the pound sterling went to 3.19. All the trade journals which I have seen, all the public press which I have read, has been unanimous in commenting upon the very unexpected and extraordinary increase in exports in March in spite of the adverse exchange situation which has been prevailing. None of the trade journals and none of the public press had the correct explanation. The real explanation for that March situation in our trade figures is that because of inadequate support and inadequate equipment, the statistical division which had been tabulating our export figures was very far behind in its work when the calendar year 1919 closed. As a matter of fact there were held over from 1919 some six weeks' accumulation of export declarations for the port of New York. New York representing about 45 per cent of the export trade of the United States, the result was that 45 per cent of the export trade of the United States for six weeks of the year 1919 was not tabulated at all in 1919. Those export declarations must be tabulated some time. There were none of them tabulated in January; there were none of them tabulated in February, but something like a week of the six weeks' accumulations was tabulated during March, and the unexpected and extraordinary increase in exports during March in the face of adverse exchange was not in any sense a current increase in export trade, but was entirely due to the addition to the March figures of export declarations for some time back in December, November or the end of October, 1919. Now it seems to me an absolutely indisputable question that if we are going seriously into the foreign trade business we need to know in as much detail and as complete accuracy as possible and a maximum degree of promptness what is being done not only in the export trade but in import trade. I speak particularly of export because that is the only trade in which we are interested; but if we cannot place dependence upon the reports being given to us, and cannot get them with sufficient promptness to be of real value to us when we receive them, we are going to be under such a serious handicap in the

foreign trade competition compared with the conditions that confront our principal competitors in Europe, as to make it almost hopeless for us to succeed as we otherwise should. For my own part I am thoroughly convinced of the desirability of this new classification, not only on its own account but because of its relationship to the reorganization of statistical practises in the government bureaus, and it is quite as fundamental a question for the immediate moment as any of those that have come before this convention. And I want to urge further and as vigorously as possible the extreme desirability of having that point considered for incorporation in the final declaration of the convention.

MR. J. GRANT FORBES (American Chamber of Commerce in London): I should like to concur in the suggestion of Mr. Tower that this plan be made part of the Final Declaration of the Convention.

There is one question that I should like to ask Mr. Roorbach: I am not quite sure whether it was clear from his statement: what effect, if any, the new classification would have on comparability with the past or old classification?

MR. ROORBACH: In making the revision we kept constantly in mind the desirability of not breaking with the past any more than was absolutely necessary. Now in some cases it has been necessary in the new classification to break comparability with the past with certain groups of items, but the number of cases where such a break will occur is very small for individual items as compared with the whole number. The present classification that is now used gives about 800 different items—reports upon about 800 different items for the import classification. In the new classification we have increased the number for the monthly summaries to about 1500 or nearly double, and for the quarterly summaries to about 3,000 items; in other words, the amount of detail is very greatly increased. Now that means of course that certain items which occur in the old classification as one item are now broken up into two; and in the future to obtain comparability you have to make an addition; but the number of items where comparability would not be able to be obtained is relatively small. But we feel, Mr. Chairman, that if there is to be any change in our classification at all no time could be more appropriate than now to make a break. We are entering upon an entirely new era. It will be very desirable that from 1920 on we can have a classification that is not

going to change; and while there may be a few cases that we cannot compare with the pre-war period there is no better time to make such a break than now.

Another thing that I possibly did not emphasize enough in the paper in connection with that, is the fact that the new classification, providing that it is built upon right principles, as we think it is—and we think it is because we have the approval of all the big industries and associations in the country of practical men—if it is built on right principles, if these new headings, the three and four figure headings, are commercially justifiable and logical, we will not have to make any breaks with the past conceivably for a hundred years to come; but at the same time we can keep changing that classification and yet maintain our comparability. Do I answer your question?

MR. FORBES: Yes.

CHAIRMAN MACGLASHAN: Is there any disagreement in the suggestion that has been made by Mr. Tower and Mr. Forbes and Mr. Roorbach? Inasmuch as the committee has stated that they did not wish the meetings to make any resolutions, your chairman will be glad to convey the sentiments as representing the consensus of opinion of this meeting in the suggestion as made by Mr. Tower.

We can proceed to the general discussion under this caption 4, "Representatives of Chambers of Commerce and Trade Associations are invited to describe the nature of the services which they now render."

I would like to take this opportunity to introduce to you Mr. J. Grant Forbes as the vice-chairman of this group session. He is a member of the American Chamber of Commerce in London. Mr. Forbes, can you kindly tell us what services are being performed in London by the Chamber of Commerce?

MR. J. GRANT FORBES: Mr. Chairman and ladies and gentlemen: I do not know whether this session is particularly interested in that phase of trade information which is represented by information furnished by foreign chambers of commerce. The American Chamber of Commerce in London was formed in 1916 as the result of the necessity of an American organization there to cope with the trade restrictions which began to be imposed at that time. In the old days of free trade and *laissez faire* in England there was little necessity for an organized instrumentality to represent American business in England. I happened to be in England at the time of

the formation of the chamber and have followed its work pretty closely ever since. Our information service can be classified roughly into three parts: first, of course, replies by mail to questions asked by intending traders, either import or export. Those include questions from English or associate members of the chamber as well as from active members who are Americans, whether resident in the United Kingdom or in the United States. That of course covers the bulk of our activity in giving trade information, and absorbs most of our revenue in clerical assistance. In addition to that, we furnish American trade representatives in England with trade information of news value every week, and a considerable portion of that is cabled over to this side and appears in the American press. Besides, we have a monthly bulletin or magazine, which represents a good deal of effort on the part of the chamber to furnish news of special interest obtainable only by Americans on the spot and with a certain knowledge of conditions prevailing in the British Isles and the British Empire. I have followed the work of that bulletin with a good deal of care and taken a good deal of personal interest in it, because we believe that it can be of great value to the American business community, either in England or the United States, interested either in British reciprocal trade or in trade in places where Great Britain is our principal competitor. The thing falls into two classes really. As you know, Great Britain is one of our very best customers; we are not one of Great Britain's largest customers. I think we only take about six per cent of their export trade: hence the trade balance against them. But in addition they do business in every part of the world where we are doing business, and the collection of accurate information by an American Chamber of Commerce in England I believe to be of great importance to people interested in the improvement of trade. One of our great problems, and one on which I ask the advice and constructive criticism of this session, is, to use a theatrical term, how to get our information across the footlights. All of you gentlemen know the tremendous volume of material, printed material, collected by trade associations, business houses, banks, all of which is useful and valuable but which few people have time to read. I speak from both sides, because I am also in London the representative of the American International Corporation, and I have personally a tremendous volume of material to go through in order to keep my home office informed; but I have found (I am

speaking now about the American Chamber of Commerce in London) that their monthly bulletin helps me a great deal, and I can start where that bulletin leaves off. We would like to get that information contained in the Bulletin before executives or their responsible assistants as much as possible on this side in such a way as to give the greatest possible service; and if any of you gentlemen can give advice or constructive criticism on that phase of our problem we should be very grateful. (Applause.)

CHAIRMAN MACGLASHAN: I would like to call on Father Walsh, of Georgetown University, Washington, D. C. Regent School of Foreign Service? May we hear from you on the subject of the information available in Washington?

REV. EDMUND A. WALSH: It wasn't with any anticipation of offering any remarks at this conference that I came in. I came for instruction and widening my views on this matter. The subject that you mentioned has been very thoroughly covered by a pamphlet on "Starting to Export" issued by the National Foreign Trade Council; but as a person resident in Washington I certainly am glad to take the opportunity, sir, of impressing upon all people and all traders, business men, the tremendous amount of information that is available in the city of Washington and which has never been appreciated. Especially during the war there has grown up a mass of collected statistics, data and general economic information, and I doubt if it can be equalled by any other government collection in the world. The war taught the various government bureaus a lesson which they had not learned before—the necessity of accurate information with regard (of course during the war) to enemy activity. That started in operation vast machineries which are still going on, with the result that on the shelves of such bodies as the Federal Trade Commission, the Bureau of Foreign and Domestic Commerce, the relics of the War Trade Board, and such bodies, from their activities there is now gathered and scattered through the city of Washington, of course in various places, a tremendous amount; and the Public Printer also has on his shelves, if I may be allowed the term, trade information in the various reports of the commissioners and agents of the Bureau of Foreign and Domestic Commerce and various investigators who from time to time go out from Washington. This information is practically untouched—at least it has been practically untouched up to within recent times;

and although I did not intend to make any remarks I am very glad of the opportunity to emphasize that source in the city of Washington. There is now a movement on foot to gather such information in one Foreign Trade library, which we hope soon to have available at the School of Foreign Service, to bring together under one roof the various contributions of those separated departments, and to do for all the regions of the world what has been done very effectively for Latin America by the Pan-American Union. But that Union, with its splendid library of Latin-American trade possibilities, confines itself entirely to Pan-American activity; but soon there will be gathered, we hope, under one roof, such a collection of reference books, periodicals and trade reports with regard to all the areas of the world, so that the city of Washington will become for foreign trade what it already is for other sources of domestic commerce, a vast clearing house of information; and with the new buildings which are soon to be erected by the Chamber of Commerce of the United States and other projected activities it seems to me that there will be no greater center soon than the city of Washington. This has been a lesson learned from the war; and the vast expense to which the government went to acquire that information, for purely belligerent purposes at first, is now being turned to peace purposes for the benefit of American exporters; and I should urge upon every one who has not as yet availed himself of the facilities offered by the government, to get in touch, for example, with the Bureau of Foreign and Domestic Commerce and to get every publication which they issue. They will issue publications for ten and fifteen cents which could not be duplicated for five, six and seven dollars by a commercial publisher. That of course is due to the fact that they are issued as a service and not for profit. The other agencies in Washington, the private agencies, are naturally not as impressive as the public agencies; but through a working agreement between private agencies and all departments of the government, they supplement each other, so that it is now possible in Washington to obtain almost any form of information which a trader may want, either at the Shipping Board's Bureau of Information or the Federal Trade Commission, or the Bureau of Foreign and Domestic Commerce; and they issue a bulletin which I should advise every one to get. It is called Bulletin No. 97, and that bulletin was issued primarily for those who wished to fit themselves or others in the technique of

foreign trade; but it contains for every exporter and every man interested in foreign and domestic commerce a wealth of information which will repay a perusal of Bulletin No. 97. Thank you. (Applause.)

CHAIRMAN MACGLASHAN: We are very glad that you came into our meeting, Father Walsh, and that we had this opportunity of hearing from you.

MR. LEROY (Asst. Secretary, National Foreign Trade Council): I was just thinking that, while most of the people here are from the Pacific Coast, there are many of us from the East, and we are interested in what kind of information the Pacific Coast organizations can supply. Just as this convention marks a full realization of the commerce which is going to be carried on from the Pacific coast, it seems to me, if there are any gentlemen here representing commercial organizations of the Pacific Coast it would be appropriate for them to say a few words as to what they can do towards assisting us direct trade through this coast to the Orient.

MR. WALTER M. FIELD (Bayside Canning Co., Alviso, Cal.): I think we ought to make our position known, and that is the problem that we have of exporting our goods into Latin America. We hear a lot about foreign trade, and we have done a great deal to get in, and we have run up against one of the actual conditions which prevail in Latin America; they class our canned fruits, which in our state is quite an enterprise, with truffles, or any other little luxury of which the amount of goods imported in there is insignificant. A short time ago there was an attempt made to build up a trade with Latin and South America, and the Shipping Board gave us four boats. The first boat had to be cancelled because we could not get any goods to ship down there. The second boat managed to get away by taking a cargo of lumber from Seattle; and while perhaps it is not pertinent I listened very interestedly to the classification, and remembered that our goods are classified in the Customs of Latin America as luxuries.

CHAIRMAN MACGLASHAN: Can any of the western representatives add any information to that which we have just received from Mr. Field?

A DELEGATE: I am an exporter of canned fruits, and the restrictions are due largely to the fact that canned goods contain sugar; and almost all of those countries, being sugar-producing

states, naturally try to place some restrictions on the importation of goods containing sugar. That applies to candies and everything else which they import.

CHAIRMAN MACGLASHAN: Can we hear from any one else? If not, that completes our program and the meeting will stand adjourned.

ADJOURNMENT.

FOURTH GENERAL SESSION

Friday, May 14, 10:00 A. M.

Civic Auditorium

The session was called to order at 10 A. M., Mr. Alba B. Johnson presiding.

PRESIDENT JOHNSON: The convention will please come to order. The general subject of this morning's session is "The Merchant Marine."

The first paper upon the program is one which is to be delivered by Mr. Welding Ring, who will read a report of the Merchant Marine Committee of the National Foreign Trade Council. Mr. Ring was formerly the president of the New York Produce Exchange and is now a vice-president of the Chamber of Commerce of the State of New York. Mr. Ring. (Applause.)

AMERICAN MARITIME POLICY

By WELDING RING

Merchant Marine Committee, National Foreign Trade Council

In the unavoidable absence of Mr. W. H. Knox, whose address on "American Maritime Policy" was, as a member of the Merchant Marine Committee of the National Foreign Trade Council, expected to convey to this body a concrete expression of its opinion on this subject, it devolves upon the member of the committee present here to present for consideration and discussion its views on some of the fundamental features of the problem. The National Foreign Trade Council has considered and from time to time issued statements outlining its views upon the question of the employment and disposition of that portion of our merchant marine built under the auspices of the Shipping Board and acquired as a result of the war. The Final Declaration of the Sixth National Foreign Trade Convention unanimously adopted read as follows:

"While Government ownership and reasonable Government control of American shipping must continue until some acceptable plan is devised for the transfer of such tonnage to private ownership, we are opposed to any continuance of Government operation and urge that, consistent with recognized war emergency needs, these Government owned vessels be allocated to suitable trades and trading routes for operation by any qualified competent American shipping enterprise, under conditions of sale or charter that will permit of their sending the American flag to any port of the world on a fair trading competitive basis with that of any other maritime nation."

Among the factors on which this declaration was predicted are the following: The American Merchant Marine will have increased when the present construction program of the United States Shipping Board is completed, together with additional vessels laid down by private owners, to approximately eight times the tonnage in the overseas trade on June 30, 1915.

The future of the American Merchant Marine depends on the opportunities which it will offer to the employment of private capital and private initiative. It is generally conceded among ship owners and shippers that no limitation should be placed upon the absolute freedom of carriers to change their freight rates to suit the competitive conditions of the freight market. The merchants and manufacturers of the United States should be enabled to compete with their rivals in other countries without governmental intervention or supervision of transportation charges. It is recognized by all that our Merchant Marine must be used primarily to develop the commerce of the nation as a whole, but as it is generally agreed that this development can be accomplished only under private ownership and management, there should be no dictation as to trade routes, freight charges or methods of management. No policy can be successful ultimately which involves the operation of steamers in any service at a loss. Such operation involving a deficit which would necessarily be made up from the national treasury, would amount to the bestowal of a bounty upon most favored commodities or producing communities or substantially a subsidy to such steamship lines, a practice generally condemned as inimical, economically unsound and unnecessary from the standpoint of foreign nations' experience. Little opposition, therefore, has developed to the following fundamentals of a national shipping policy. Legislation should be enacted to enable the proper disposition of as large a proportion as possible of the present fleet owned by the United States Shipping Board to avoid incurring additional loss to our

Government by the further decline of values or freight rates. Such legislation should insure to all purchasers of these ships uniform terms of sale and conditions and the opportunity of developing plans with relation to the establishment of permanent or temporary trade routes for ships under their own management or ownership.

An unequivocal policy must be established promptly by legislation providing that sales will be made to all responsible buyers at prices determined by the present cost of construction of vessels of similar tonnage and specifications in the best qualified of American shipyards. It is manifest that this should be the basis of comparison rather than the cost of production in foreign shipyards which necessarily varies in respect to the country of manufacture, labor conditions and supply and demand. The terms on which such sales should be made should be such moderate percentage of cash payments as would enable a prompt disposition of these ships without any undue hardship being imposed upon our banking institutions or increasing any stringency of money which may exist at the time of sale.

The percentage of the periodical subsequent payments should likewise be fixed with due regard to the present world-wide demand for American exports and the increasing consumption in this country of foreign products which may be expected to insure for a considerable period the existence of profitable freight rates.

Such period and percentage of payments should give to the buyer a reasonable opportunity to amortize such proportion of his investment over a period of years as would enable the writing down of the original cost of his vessel to a competitive value in later years with any subsequent reduction in the cost of shipbuilding. This period time should be measurably commensurate with that in which the partial and final payments are to be made.

It is reasonable to suppose, notwithstanding that such easy terms of payment, although fair alike to the government and shipping community, may be evolved, that it will be difficult to dispose by outright sale of upwards of 1500 vessels aggregating some 10,000,000 gross tons within a short period. It is manifest therefore that during the process of negotiations for the sale of the complete fleet, built and building, vessels unsold must be chartered to competent and responsible operators on equitable terms comparable to the sale price. Such charter term can of course take suitable cognizance of the current conditions of the freight market in respect to the

trade routes in which the vessels are to be operated and such charters can be made subject to sale.

It is not believed that theories with respect to the application of profits derived from charter operations to the purchase price of ships or the partnership of the government with shipping companies on a profit sharing basis, will prove practical.

The operations of the Shipping Board or such department as may be evolved should be confined to the outright sale and actual charter of the vessels in accordance with such legislation as may be enacted. It is the opinion of many of our most able shipping men that having regard to a considerable surplus of ships already built and now building, of a character not entirely suited to the requirements of our overseas commerce, no restrictions should be imposed on the sale of such vessels to foreign buyers. It is manifest that the exigencies of the world war required the construction of hundreds of vessels of a size, tonnage and equipment uneconomical to operate as important units in the carrying of our overseas commerce, but well adapted to meet special trade conditions in other parts of the world. There is no advantage to this country in the effort to operate uneconomical ships when by their prompt sale the pressing necessities of other nations now suffering for lack of ocean transportation facilities can be alleviated. Moreover the disposal of such vessels would enable their replacement by the building in American shipyards of vessels of tonnage and construction suitable for overseas commerce. Such method would give to shipyards equipped to produce competitively vessels of types required for our foreign trade greater assurance of continued employment. Suggestions have been made of the imposition of additional duties on goods imported in foreign bottoms or, what is tantamount, by the reduction of duties on goods imported in American ships. The liability to reprisals from such procedure requires careful consideration. Nor should it be forgotten that the present demoralization of European productivity and exchange in which problems the future of our export and import trade is inextricably involved, can be sensibly lessened by affording to the European nations the immediate use of transportation facilities which are vital to their national prosperity and even their existence.

The retention of such surplus tonnage by us may merely impose a glut of unnecessary and unserviceable ships on our market, depreciating the value of the suitable vessels and hindering the

working out of a program of prompt disposition at favorable prices.

It is well known that the shipyards of the principal maritime nations are filled to capacity for a long time to come and we must consider not only that this establishes a favorable market for the disposition of ships unsuitable or unnecessary for our needs, but we must picture the effect of the selfish retention of such ships on our part as against the exigent demand for them, especially by European nations, some of whom were our associates in the war.

The Foreign Trade Council has already placed on record its conviction that American shipyards will be able to produce tonnage at rates and under conditions that will compare favorably with those obtaining in foreign maritime countries. There will be no return, for some time at least in any country, of so called pre-war prices of materials and labor. Shipbuilding materials and equipment are on a lower level in the United States, since the signing of the armistice, than in any other producing country.

There is a present disparity in favor of the American ship-builder of approximately \$40 per ton in the price of steel ship-building material, and while wages in most foreign shipyards are appreciably lower than in ours, the factor of efficiency compensates to a large extent. It is therefore believed that at least for the extended period in which there should continue a good demand for vessels of the size and construction appropriate to the needs of overseas commerce, American ship-builders can compete with the world. As the restrictions on the building of ships for foreign account have been removed during the past year, it is difficult to understand the contention that all the Shipping Board vessels, irrespective of size and suitability, should be reserved exclusively for operation under the American flag.

The investigation of the American navigation system which the Shipping Board was directed by its organic act to effect is now under way. It should be completed with the least possible delay, and the revision and improvement of the navigation system contemplated by the Shipping Act should enable the operation of the American Merchant Marine on a competitive basis. (Applause.)

PRESIDENT JOHNSON: We will now listen to an address upon the subject of "American Marine Insurance" by Mr. Hendon Chubb of Chubb and Sons, New York, one of the names which is world-wide in insurance. (Applause.)

AMERICAN MARINE INSURANCE

BY HENDON CHUBB

Chubb & Sons.

In 1918, at the request of the Foreign Trade Council, I read a paper dealing with the development of American Marine Insurance. At that time marine insurance was not only fulfilling its normal function of providing protection against marine risks but it was also carrying that emergency function, which during its history, it has been called upon at irregular intervals to fulfill: that of affording indemnity against losses due to war perils, and this under such conditions that the experience of former wars afforded no just parallel.

That time has now passed and although the war has left us a legacy of special hazards, such as loss by mines and those consequent upon the political and social upheavals of many countries, yet the emergency responsibility has practically passed and with it the stimulus produced by the necessarily high war rates. There is left to marine insurance the old duty and responsibility of providing merchants and shipowners adequate indemnity against loss by marine perils for an equitable consideration. This duty, less spectacular than that of the war, is none the less of prime importance to foreign trade.

Foreign commerce is enjoying the attention of the Nation to a far greater extent than ever before. The necessity of making wise provision for our large mercantile marine, built under war emergency, is engaging the attention of the Nation and will require the Nation's best thought for the sound solution of its problems.

Marine insurance which before the war functioned quietly and unaggressively, accepted and considered only by those using it, is now receiving the reflection of the interest in the two foregoing subjects to both of which it is a necessary complement.

In response to this general interest I shall endeavor to picture to you how American marine insurance is functioning; how it is fulfilling the obligations resting on it at the present time, and to what extent and in what way it may be expected to meet the necessities and obligations which may be imposed upon it in the future by American commerce and the American Mercantile Marine.

The marine insurance market in America centers in New York, except that there is an independent and well-developed market for west coast business that centers in San Francisco. The market may for the purposes of this paper, be considered under three divisions, although in the placing of risks, the division between the first two is scarcely recognized by the insuring public. These are:—

1. American Companies. In the New York market there were at the commencement of last year, some 94 companies with marine and inland premiums of \$181,000,000, but according to the report of the Congressional Committee a number of these companies did no ocean business; the total number actually doing a direct ocean business being 62, with an ocean marine premium of something over \$70,000,000. In 1912 there were 30 American companies doing marine and inland business, with a premium of \$20,000,000, but there is no means of knowing what proportion of these companies did ocean business or what proportion of the premium would come under the classification of ocean.

The want of data for the division of business of 1913 makes an accurate comparison impossible, but this much is certain, that in six years the number of American companies doing a marine business increased from less than 30 to 62, and that a premium income of less than \$20,000,000 has increased to over \$70,000,000.

2. Foreign Companies. Among these companies are many that have been doing a marine insurance business in this country for many years; others have entered the business under the stimulus of the larger business brought about by war risks and the tremendous advance in insurable values of vessels and commodities.

At the commencement of last year there were 55 of these foreign companies admitted to the state of New York for marine and inland business. Of these probably not exceeding 40 transacted ocean marine business, with a premium income for ocean marine business only of \$39,000,000.

In 1912 there were 29 such companies doing a marine and inland business with a premium income of \$13,800,000, but as in the case of the American companies of the same time, there is no way of knowing what proportion this premium income was from ocean business only.

Many of these companies have been established in the United States for years. Under our insurance laws they have to make statements based solely on their United States assets and are re-

quired to maintain these assets in the control of American trustees and subject only to the demands of American policy holders, and in sufficient amount to take care of all their liabilities in accordance with Insurance Department standards. In some cases these companies are managed by managers which have been sent out from the head office; in others they have been affiliated with management representing American companies or have placed their management in the hands of American underwriters. As regards the United States business accepted by their American departments, they are subject to the same restrictions, taxation and supervision, as the American companies doing the same class of business.

3. There is a market afforded by means of brokers having correspondents in the various insurance centers of the world,—London, Paris, Copenhagen, etc., and, before the war, Germany. Orders placed in these markets were placed with companies which are not subject to the regulation or taxation of the States and which cannot be sued in the United States. What proportion of the business is placed in that way there is no means of knowing; and the estimate of various experts differs widely. While it is probable that considerably less than 5 per cent. of the insurance on cargoes is placed in this way, yet it is also probable that at the present time a very considerable portion of the insurance on vessels is placed with these foreign insurance markets.

Time precludes my dealing with the question of reinsurance and the method of its division among the groups referred to, nor have I attempted to separate those American companies owned by foreign companies (some six in number) from the other American companies. But the foregoing will have given you an idea of the existing market as it concerns the merchant or shipowner.

The two main heads that marine insurance naturally divides itself into, are:—

First: *Cargo Insurance*, which comprises the insurance on exports and imports.

Second: *Hull Insurance*, which is the insurance of the vessel itself.

Taking up the consideration of *Cargo Insurance*: The situation is that any importer or exporter can, except possibly in a few unusual cases, obtain in this market full protection on terms and under conditions that compare favorably with those obtainable by any foreign competitor, using either American companies or foreign

companies domiciled here and in all ways subject to our laws; the choice resting with him as to which company he will use; the choice of the shippers being represented by the fact that this premium income is divided, according to the Congressional Report, 64 per cent American companies, 36 per cent foreign companies. Not only does this market cover about 95 per cent of the business placed by American importers and exporters, but the amount of business so placed bears a very satisfactory relation to the whole volume of import and export business of the United States. In making that statement I refer to the fact known to all of you that marine insurance on cargo may be controlled and provided for either by the shipper or by the consignee; so that, if any country covers in its own insurance market 50 per cent of its combined imports and exports, it would seem to be about what could fairly be expected. There are no figures available to show these percentages, but judging from a very wide experience, I know that by far the majority of our export shipments are covered with marine insurance placed here, and that by far the larger part of our imports come in protected under marine insurance arranged by the buyer and placed in this market, and that the total placed far exceeds the 50 per cent above referred to.

Hull Insurance: The situation as to this is different. A large portion of this business is placed in foreign markets with companies who pay no tax to this country and are in no way subject to the regulations of the State Insurance Departments. There are no figures available which make it possible to say what this percentage is; but while it is considerably less than it was twenty years ago or even five years ago, it is probably more than it was two years ago. There are many causes for this and I give three that seem to me the most important.

(a) The relatively small volume of American Hull Insurance has operated to give to the foreign underwriter, insuring a larger and more diversified fleet, a much greater volume of this special business, and consequently a greater diversity of hazards and a more favorable basis for average and has created a wider market.

(b) The fact that the American brokers in placing American Hull business did so through the agency of a foreign broker, the value of whose local business probably would be of assistance should his American business show little or no profit.

(c) The fact that the over-regulation and taxation of American

marine insurance as compared with that existing in other important maritime nations has been especially burdensome on hull insurance.

If the war-built fleet now in the hands of the Shipping Board is sold to American firms and corporations, as now seems possible, then the disabilities referred to in (a) and (b) will be largely removed. Those referred to in (c) are most difficult to deal with. The matter is in the hands of the States, and each State has made its own laws with little regard to those of other States. The Shipping Board and the Congressional Committee that have been investigating this, both appreciate the need for change and revision and have represented this to the various states and there is some hope for a greater uniformity as regards regulation; although such reform, necessitating as it does action by the legislatures of various States, is difficult to obtain. The outlook as to taxation is less encouraging. With State expenses mounting and prohibition reducing state revenues, it is hard to be optimistic as regards any possible action looking to a reduction of taxation no matter how discriminatory it may be in a business necessarily engaged in world competition.

I have shown what I regard as the situation from the public's point of view, and I now turn to that of the insurance companies.

The end of the war found the American market much expanded, partly by the introduction of new foreign capital, but more particularly by the increase in the number of American companies doing marine business. This market had on the whole made very considerable profits out of war risk insurance. While it is difficult to ascertain, it is probable that marine insurance, apart from war risk, during the war period, showed a fair margin of profit.

It is now eighteen months since the armistice was signed, and the situation in marine insurance has, during that time, considerably changed. In the first place, the war risk insurance premiums have practically ceased, although continued to a modified extent in the insurance against the mine risks or against the possibilities of new wars or civil disturbances; but as compared with their volume during the war, they may be said to be nominal.

On the other hand, the renewed activity in shipping for private account and the continued high prices of commodities, have led to a very considerable expansion in the premiums for cargo insurance, and while there has been no general sale of Government ships to

private owners, yet there has been some expansion in the volume of hull insurance.

Now as to the hazards: They certainly have materially changed since the "Before the War" period.

I do not think that any man connected with steamers will fail to recognize that under the present conditions, with steamers built for a trade often replaced by vessels built for an emergency; with engines of new design and water-tube boilers replacing those with which the engine crews were most familiar; with discipline relaxed to a notable extent through the changes brought about by war, making every allowance for any advantage that may come from the more general introduction and use of wireless equipment, that on the average the hazards are greater than before the war.

When you add to this the greater congestion in ports, the longer delay in unloading, carrying with it an increased fire hazard, the marked increase in thefts (a peril now generally included in the policy) you must inevitably come to the conclusion that the percentage of loss will be higher than before the war.

Now to face this increase in hazard, which I firmly believe exists, you have a market that has been expanded and developed by a large, and, on the whole, profitable war risk business which no longer exists—a market which the world over has expanded so rapidly as to outstrip the supply of men fitted by training to handle the complicated work of underwriting. The result is that today in certain classes of business, through competition and the folly of underwriters, rates have in many cases been reduced below cost.

Further, it is not solely a national condition but to some extent it is an international condition, brought about by an over-stimulation of world facilities consequent upon the war. On the whole, it will have to work itself out internationally, because in international trade no important insurance market can be altogether independent of the other insurance markets unless the insured is likewise independent of the competition of the foreign market in the sale of his merchandise.

This situation will in time right itself in this market and in the markets of the world, and the righting of it in the final analysis rests with the underwriters themselves; but while the principal duty of checking this demoralization rests upon the underwriter, yet the continued prosperity of marine insurance is a matter of real concern to the American merchant and shipowner.

I know of no other important commercial country where the

merchants are willing to accept so freely and for a moderate consideration in the way of reduced rates, insurance with underwriters having no domicile in the same country as the merchants, and where suits, if any, must be brought in other courts, and I believe that this policy in the end is not a wise policy; it is not a policy that has been followed by other nations important in world commerce.

At this point let me say a word as to a way in which I think this Foreign Trade Council can be of great help to bankers, underwriters and merchants; it is by appointing a standing committee which will draw up a set of import and export clauses to be known as the "Foreign Trade Council Clauses," and a form of certificate that will be known as the "Foreign Trade Council Form." It is inadvisable and impossible to have uniformity in the coverage granted by marine insurance policies, but a standard set of clauses which would define attachments and duration of coverage and certain basic principles would be of practical value in establishing a point of departure for any changes which were necessary to meet the requirements of the individual.

Now a word as to the relation of the Government to marine insurance.

The general tendency of the times and the successful conduct by the Government of the War Risk Insurance Bureau has led to some discussion as to the advisability of the Government undertaking marine insurance, and I do not feel that this paper would be complete without touching on that subject.

In the first place, I think it important to emphasize the fact that the Bureau of War Risk Insurance issued policies against war perils only and never insured against marine hazard.

The problems which a Government Bureau doing a marine insurance business would have to meet are entirely different from those confronting a War Risk Bureau. They are in my opinion of a nature that would make their correct solution along sound economic lines impossible in a Government Department, even were it possible to intrust the management to the same class of men that a war emergency rendered available.

As one of the first advocates of the establishment of the War Risk Bureau, and intimately connected with it as chairman of the Advisory Board from the time of its foundation in 1914 until after the armistice, I can speak with some knowledge, and I unhesi-

tatingly say as a carefully considered judgment, that a Government Insurance Bureau—

First—Would not be to the advantage of marine merchants or shipowners.

Secondly—Would hinder the natural and free development of American Marine Insurance.

Thirdly—Could not be successfully conducted by the Government.

Having stated why I think it should not be undertaken by the Government, let me also state that I do not know of a single valid reason why the Government should undertake marine insurance, and I believe that nothing but a very real necessity justifies the government in assuming a function satisfactorily carried on by private enterprise.

I have endeavored to show in this paper that as regards exports and imports, the American shipper can today take care of his entire insurance in this market on terms and conditions and with security that compares favorably with that available to his foreign competitors. While the situation as regards hull insurance is not as satisfactory, yet the principal reason that this is not so is due to the fact that we have not had the mercantile marine to insure; that on the transfer of the Government vessels to private ownership, this situation should rapidly change and it should become possible to obtain full insurance in American companies or foreign companies domiciled in America sufficient to meet any requirements.

There are today American companies authorized to do marine insurance business, with combined capital and surplus of over \$280,000,000. This capital is more than enough to do the entire business of the United States with perfect safety and without taking into account the very large amount representing the American capital and surplus of foreign companies held in this country for the benefit of American policy holders. Introduction of Government capital and credit would accomplish nothing but interference with the free use of the capital already available. *The amount of business which these companies assume is not limited by want of capital;* it has been limited, particularly as regards hulls, by the want of a large volume of diversified business on rates that promise a chance of being remunerative. When these conditions come, and given that the merchant marine is sold to private owners, the capacity of the market will be sufficient for every requirement.

The disability due to over-taxation and multiplicity of control is still here; but the passage of a model Marine Insurance Law for the District of Columbia, as advocated by the Congressional Subcommittee of Merchant Marine and Fisheries, and the further hope that this will be followed by the principal maritime States, leads me to look for some amelioration of this condition.

In my opinion marine insurance can be fostered by the government in only one way—*by giving it equality of opportunity, and equality of opportunity can only come with a minimum of interference.*

The growth in the number of companies, the general broadening of American Marine Insurance during the past six years, and the ability which it has shown to grant to importers and exporters the facilities which they need, are all guarantees that it requires nothing but the removal of hampering restrictions to make it continue with accelerating momentum along the path of national service upon which it is moving. (Applause.)

PRESIDENT JOHNSON: We will now listen to an address upon the subject of "Fuel Oil and Foreign Trade" by Mr. A. C. Bedford, Chairman of Board of the Standard Oil Company of New Jersey. Mr. Bedford during the war was the Chairman of the Petroleum Committee of the Council of National Defense. Mr. Bedford. (Applause.)

FUEL OIL AND FOREIGN TRADE

By A. C. BEDFORD

Chairman of Board, Standard Oil Company of New Jersey

We Americans have always prided ourselves on being men of vision, quick to recognize the significance of changes in the trade winds as well as in the political developments the world over, but our complacency in this respect has received something of a jolt in recent weeks from an unexpected source. It has remained for unimaginative but practical Britain to see, as a nation, the clearly marked tendencies in the oil business, though those of us who are closely connected with the business have realized them for some time past. While we in this country have rested in fancied security

in the possession of some two-thirds of the world's production of petroleum, our stolid, phlegmatic, but wide-awake cousins across the water have been actively bent on getting a mortgage upon much of the potential production, not only outside of the United States, but actually within a few miles of this very hall. So securely entrenched do they feel themselves now that they have taken to commiserating us on the distress we are shortly going to feel when we cease to be the pre-eminent petroleum nation and begin paying tribute to their foresight.

This somewhat melancholy introduction is prompted by an article which has just been given wide circulation in the American press, purporting to give the views of Sir E. Mackay Edgar on the distribution of known available oil lands throughout the world. This is not his first appearance as a prophet on petroleum, and we must admit that his views, as given public expression from time to time, have the merit of consistency not often found in successive predictions.

But they should be accepted only with a full recognition of the fact that he is a British financier with large holdings in British oil companies, and it is therefore only natural to expect that any views expressed by him on the subject were only made with due regard to the effect they might have on the market for British oil shares. In fact, he said much the same thing to me personally when I saw him in London about this time last year. Moreover, we must attach more weight to them than would be the case if he stood alone, by reason of the fact that other men in British public life, notable among them being Lord Fisher, have expressed similar views.

Sir Edgar boldly asserts that Great Britain already has control of the chief petroleum resources of the world outside of the United States, making the British position in this most important industry absolutely impregnable. All the known oil fields, all the likely or probable oil fields outside of this country are in British hands or controlled by British capital, he tells us. He offers the cheering prediction that in ten years' time, we in this country will be importing 500,000,000 barrels of oil each year, and paying annually on account thereof at least \$1,000,000,000 into British hands.

In my position as Chairman of the Standard Oil Company (New Jersey) I would be confessing negligence in office were I to say "Amen" to this conclusion. Our situation is not going to be as bad as that. At the same time, it is no use disguising the fact

that, in a way, the United States of America has been caught napping in this matter of safeguarding future supplies of oil. While we have been clamoring for Government investigations of this, and investigations of that, the results of which make a one day's sensation and accomplish little more, the British have been eagerly extending every possible aid to any of their nationals seeking to advance Britain's commercial position.

I wonder if you gentlemen realize, if the public realizes, how much time an executive of a large company must spend today in trying to answer various government investigations. (Laughter.) I think for the past two years there has not been a period of thirty days intervening when my company has not been trying to do that thing, and those questions sometimes are impossible to answer; but you have got to frame up something, and those that have to be answered must be answered carefully and it cannot be done without the most careful scrutiny. We who are engaged in the development of international trade and business are compelled to take up our time, instead of giving it to our business, and give it to this sort of thing. I don't know how long we are going to stand it.

Our economic education has been developing under forced draft since the Armistice, and there are hopeful indications that we in the United States are at least beginning to realize that if we do not look out for ourselves, eventually we will have nothing to look out for. We are learning the truth that charity does begin at home, and that while we have been concerning ourselves over the economic future of every nation in the world but our own, things have not been going as they should under our very eyes. We are learning that petroleum has a wider significance than the source from which comes the gasoline that drives pleasure cars. We are at last sensing what the British recognized long ago, that the country which controls the petroleum supply is the country which will control world trade. I am even optimistic enough to believe that the time is rapidly approaching when the cry of the people of the United States will be for co-operation between the Government and our industries, in place of antagonism.

I particularly hope that public opinion will demand co-operative effort looking to the extension of our holdings of oil lands, lest we be caught in the position of a petitioner for oil in foreign markets at a time when, for military or commercial reasons, they will be loath to supply us. Our position in this most essential

industry is not nearly so secure as it ought to be. It is estimated by the United States Geological Survey that of all the oil originally underlying the surface of the ground in this country, more than 40% has now been produced and consumed. We are today, and for a long time past have been, consuming more petroleum than we produce. There is above ground in the United States reserve stocks sufficient for only about three months' needs, and we are slowly eating into this slender margin of safety by our daily drafts to make up the difference between production, plus imports, and refinery consumption. We imported from Mexico last year 55,000,000 barrels of oil; we ought to get about 80,000,000 barrels in 1920 in spite of the salt water intrusion and political difficulties; but we need considerably more than that. There has not been a day in recent months that has not seen vessels tied up along the Atlantic seaboard losing valuable time through inability to obtain bunkers of fuel oil. We produced in the United States last year some 376,000,000 barrels of oil. We need this year 38,000,000 barrels more than the total of our own production and imports in 1919. Five years from now we will require 650,000,000 barrels, or an increase of 220,000,000 barrels over last year. I am figuring this increase in consumption on the average increase of about $8\frac{1}{2}\%$ per annum during the past thirty years. As a matter of fact, the estimate is probably very conservative; for the rapid multiplication of uses of petroleum products has made the rate of increase much more rapid in late years. Not only must we prosecute drilling operations in the United States more vigorously, but we must materially add to our imports from other countries to keep abreast of the demand that is upon us today.

You may think that I am too close to the oil business to have a true perspective, but my views are more than substantiated by the expressions of others who are not associated with the petroleum industry.

I referred a moment ago to military and commercial necessities and to Great Britain's realization of both. Let me illustrate—but I must transgress the instructions given to speakers to remember the war is over and not to discuss it—it was due to the lessons learned during the war that Great Britain and other European countries woke up to the necessity of securing for themselves an adequate supply of oil, for eighty per cent. of the oil requirements for war purposes during the war came from the United States, and

it is to the great credit of the oil industry of the United States that the requirements were fully met. At a dinner given in New York in the early part of last year, Capt. Arthur L. Stagge, British Naval Attache at Washington, made the following statement which will enable you to realize what oil meant to the British Navy. He said: "When I say that something like 4/5 of the total supplies of petroleum products required by the Allies has been provided by America, you will realize the magnitude of the task successfully consummated. It is a trite saying that oil is essential to modern warfare, but does not this set the imagination working? What exactly does it mean? To give you an idea—I will tell you with regard to British warships . . . using oil exclusively . . . arranged according to classes . . . making a total percentage for the whole British Navy of 48%. This means that in the total absence of oil, 48% of the British fleet would have been paralyzed"—and further on he stated that "In the patrol around Great Britain, the steaming of the fleet and other vessels averaged nearly 7,000,000 miles per month"—and again "Some idea of the magnitude of our demands may be gained from the fact that in 1918, 2,628,961 tons of fuel oil alone were shipped from the eastern seaboard of the United States for the use of the Allied Navies in Europe, and in the same period over one million tons of spirit and other petroleum products were shipped, entailing some 500 tank steamer loadings."

Do you wonder that Great Britain felt she must secure a supply of oil—and if necessary for her, what about the United States? Is it not an equally important question?

And now for the commercial side of the matter.

Some of you may have read a few days ago the remarks made by Capt. Paul Foley, Director of Operations of the Shipping Board, in which he stated that the future supply of fuel oil for American vessels is seriously endangered through control of potential production by British interests. I am going to quote just a little from his utterance. Captain Foley says:

"The essential facts as regards production are first, that whereas 65% of the current petroleum production of the world is being drawn from the United States, practically all of the visible future production of the world is under the control of Great Britain. Second, that whereas the production in the United States is available to all other nations on equal terms with our own, that under the control of Great Britain, and located in the middle area of the

world, is available only to British nationals. American citizens were excluded from the Burma producing fields in 1884 pursuant to an order signed by Queen Victoria, and the principle then established has been consistently followed as new fields have been developed.

"The practical effect of this restriction is that while British ships can bunker in the ports of the United States and the Caribbean on equal terms with American ships and British requirements overseas can be obtained from the nearest producing center, American requirements overseas can only be obtained at British terms and must reflect the long haul from the American and Mexican seaboards."

It is in view of this situation that Secretary Payne in recent letters to the Secretary of the Navy and the Chairman of the Shipping Board pointed out the enormous increase of oil consumption over production in this country and said it would be "wise to note this and to prepare."

The day has passed when America can maintain supremacy in many of the leading lines of trade solely through possession of great natural resources. We have drawn lavishly upon our forests, our coal and our petroleum. We must face the time when we shall be no better off than elder European nations, dependent upon imports from fields outside their borders. It is none too soon to adopt a comprehensive program for the safeguarding of our oil requirements ten years hence. If laws on our statute books handicap American companies while favoring foreigners, we should change the laws, always having in mind a proper protection of the public's interest.

All the American Oil Industry wants is a "square deal." By that I mean the same freedom of action to obtain production, no matter where it is located in the world, as the nationals of other countries have to develop or obtain production here in the United States. We do not ask for restrictive legislation on the part of our Government, but rather that their entire efforts should be directed along the lines that petroleum is an essential product and that the nationals of all countries should have full freedom and opportunity to develop it no matter in what particular country it happens to be found.

It is not the first time, however, the oil industry of this country has been faced with such a situation. Time and again the outlook

for crude oil has been dubious and critical only to be followed by discoveries of new sources of supply such as the West Virginia, Ohio, Illinois, Kansas, Oklahoma and California fields, and later on vast quantities of oil in Mexico.

Most oil men are optimists. We have developed in the oil business a new kind of optimist, and that is the man who, for the last few years, has been selling a great deal of stock.

One man was asked if there were any indications of oil where his company was drilling. "Indications," he said; "why, I should say so. We have three thousand acres, lease of standard rig-up, three hundred feet of casing on the ground and more ordered; we have our company organized and incorporated and many shares of stock printed; we have opened offices in three cities. There were two hundred men selling stock for other wells which are only forty miles from our pipe line and there was no oil found in the other wells, so it must be in our well. Oh, we have plenty of indications. How much stock do you want?" (Laughter and applause.)

I am naturally an optimist; in fact, if one is not an optimist, he should keep out of the oil business and possibly the export business—I personally do not feel there is going to be a famine in gasoline and other petroleum products in this country. I quite agree, however, with the recent statement of the Acting Director of the Bureau of Mines of the Department of the Interior, Mr. F. G. Cottrell, that while the gasoline situation appears to be in an acute stage in California, the same situation does not apply to the rest of the country, and there is no need for alarm for some time to come. There may be, however, a possible shortage at some points before the summer automobile touring season is over, which is the time of the peak load of gasoline consumption. The fact is that there is a shortage of crude oil just now which means that the least essential uses of oil must be curtailed. Production in the United States has for a long time been close to what must continue to be the peak unless some new field of importance is discovered. It is obvious that the United States could not hope to continue for very long to be self-sufficient in the matter of petroleum supplies. He who runs may read the inevitable result of the tremendous increase in the output of motor cars, trucks and tractors, the growing tendency to displace coal with oil under boilers and the manifold new uses found for petroleum derivatives on the one hand and a

fixed production of crude on the other hand. From 1909 to 1918 there was an increase of 1700% in the number of cars and trucks on the highways, while in the same period the output of gasoline increased 560% and the amount of crude oil produced by only 95%. As near as any one can estimate, we had seven and a half million motor vehicles in this country at the end of last year, and the trade says there will be between nine and ten million at the end of 1920.

Such a situation calls first of all for more economical use of our gasoline and other petroleum products. There is possible a saving, huge in the aggregate, if cars now running will eliminate the waste that is constantly going on through wrongly adjusted carburetors, leaking piston rings, carbonized cylinders and dragging brake bands. There is a bigger economy to be accomplished in the improvement of the motor. There is a great amount of needless mileage which will be automatically cut down as fuel goes up. The total saving along these lines would, however, go but a short way towards meeting the increased demand this year over last.

The other remedy is the importation of larger quantities of crude oil. The oil companies are providing for this in the building of a large fleet of tankers and are bending every effort to increase their holdings of oil fields in other lands outside of the United States. But they cannot do this alone. It is a matter in which great nations, as well as our own, are interested; and behind the oil companies must stand the people of the United States and its Government.

Our greatest ally in building up this country's position in foreign oil fields should be our own Government. It should be, but it has not been. There is no use uttering polite phrases about co-operation and letting it go with that. American capital is not timid; we are willing to take chances with anybody else in any part of the world; but we ask support from home. It is not right to send men and dollars to a foreign field with every line of communication to Washington cut off. What is the situation today in these foreign fields? In Mexico, Colombia, Venezuela, Peru, and elsewhere—different American companies are struggling single-handed against special discriminations, simply because in the past this Government has not worked with them. It is idle to talk about the need for outside production if we are not prepared to stand by the producers. All sorts of exactions are applied to Americans from which our

British friends seem to enjoy immunity. The reason is that when a foreign government treats a British subject unfairly, it feels the iron fist within the glove of British diplomacy.

American dollars will go into any field where there is the remotest possibility of getting oil, if the State Department will tell the companies what its policy toward them will be after they get established. I am speaking for all of the American companies when I say that we are not getting a square deal in foreign lands. It is a humiliating fact that American capital today is forced to operate under British charters in many fields because of the protection it can gain thereby. These are unpleasant truths that we must face; and I hope that by recognizing them, we can awaken public conscience to the folly of preaching the adoption of aggressive foreign trade policies, and at the same time advocating a hands-off attitude on the part of our Government.

I hope at the conventions soon to be held in this city and in Chicago by our two great political parties, that planks will be adopted that will clearly define a policy for fostering and protecting our trade; a policy that like the Monroe Doctrine, will become traditional and have a continuity from administration to administration; a policy based on the protection of American lives and American rights abroad. We who are engaged in export trade ask no special favors, we are willing to meet the world in fair competition. We believe that through our investments in and development of the resources of foreign lands, we can bring prosperity and benefit to them as well as to our own country, and that the oil industry can do much in fostering close and cordial relations of good will and commerce.

And here may I digress from my subject to say a few words on the general situation. As some of you know, I have tried during the last year to do all in my power to foster cordial relations between the business men of the great European Powers and those of this country, realizing, I hope, that upon business men rests the opportunity and the obligation to pursue a policy of sympathy and enlightenment that shall foster the growth of our social and business life.

The United States is today on the threshold of International commercial relations of unprecedented magnitude. We have suddenly become a creditor nation. It is clear that having become a creditor nation we must take a more intimate part than ever before in international trade. We have suddenly acquired a great mercan-

tile marine. This will place us in a new relationship to the world of commerce.

Some one hundred and fifty American business men are sailing within a few days to participate in a meeting at Paris in June, designed to establish an International Chamber of Commerce. This will be the culmination in the establishment of agencies formed by commerce and the co-operation of business men. Mr. Paul S. Reinsch has estimated that there are no less than 150 non-governmental national agencies designed to bring about co-operation in the church, in labor, in commerce, in law or in medicine.

In the year 1911, Mr. Reinsch says, there were 45 so-called public International Unions, 30 of which were provided with administrative bureaus or commissions. These unions covered a wide variety of universal subjects, such as the International telegraph, International post office, International railways, International rivers, International weights and measures and other scientific standards, International property in patents and copyrights, International sanitation, and the regulation of the International side of social questions, such as the slave trade, the liquor traffic, and the so-called white-slave trade.

These International unions have not been created by theorists or even by statesmen; they have been forced upon the world by the relationships that have arisen from time to time in the conduct of the world's affairs.

Though we have not entered the League of Nations politically, we are now, by the action of the Chamber of Commerce of the United States and by the action of individual American business men, proposing to enter an International business organization whose potentialities for good are as great as could be those of any political League of Nations.

At best, a political League of Nations would but create a forcible method of preventing war, or establish a forum for the peaceable adjustment of International disputes.

But the fact can never be overlooked that International disputes are almost invariably the fruit of jealousies arising out of International trade rivalry. If, therefore, we can establish a world organization of business men which will work out sound and equitable precepts on which International business will be conducted, which will bring to the attention of the business men of respective countries, the attitude of friendship on the part of the business men in

all countries—such an organization will attack the source of International disputes rather than the result.

The world today is suffering from the shell-shock of war. The spirit of unselfishness and of service which the war drew forth in such unlimited measure seems for the moment to be diverted. Both men and nations appear now to be thinking primarily of their own affairs. But such a condition cannot last, certainly not in America. We have entered upon great world responsibilities. Those responsibilities we shall fulfil. But it is incumbent upon us to take a world view, to make a conscious effort to make ourselves understood as business men to the business men of the world.

The great industry of which I am speaking, desires so far as it can, to do its part in the world's work, and we do not seek to benefit at the expense of others—all we ask is that a better understanding be had between our Government and those countries to which we must look to supplement our future needs—an understanding in which the United States will be an interested party pledged to see that agreements properly entered into are carried out on both sides. For the last twenty years it seems to have been the regard of the Government in Washington that if a man went abroad to trade he would cease to be an American. And he had left the country for his country's good. What business had he in foreign trade, anyway? If we are satisfied with the continuance of the aloofness with which Washington has regarded American enterprises beyond our borders, then we should not complain if Sir Edgar's prophecy becomes fulfilled and the richest oil country in the world becomes dependent upon Great Britain for her petroleum.

And now as a final word—I confidently believe that the history of the petroleum industry in America will again repeat itself, and that the higher crude oil prices now prevailing will stimulate production and bring into existence new sources of supply which, supplemented by the importation of crude oil, developed I hope by American Companies with American capital protected and encouraged by the Government of the United States, will ultimately overtake the increasing consumption.

The American Oil Industry is one of the greatest aids to modern commerce because of the courage and optimism of its founders, and these qualities are not lacking in those who are solving the oil situation today.

PRESIDENT JOHNSON: Your chairman has refrained from taking up the time of the convention by making any comment upon the papers which have been read by those who have favored us, but I think that I voice the sentiments of every man in this room when I acknowledge and call attention to the profound truths which Mr. Bedford has expressed: truths which are of the most vital importance to our country; truths which should be appreciated far beyond the walls of this room; truths which should be brought into the consciousness of every man in the street as well as the business man and the economist; truths which should take up the space of our newspapers rather than accounts of politicians and wife murderers. (Applause.) Let us hope, therefore, that some of the things for which he asks may be heard even in Washington (Applause), which is so remote and where our rulers live in such cloistered retirement that it is difficult for the echoes of true Americanism to reach them. (Applause.)

The next subject is "American Coal and its Relation to Foreign Trade." Mr. E. J. Enney, President of William Cory-Mann George Corporation prepared this paper, but in his absence it will be read by Secretary O. K. Davis.

AMERICAN COAL AND ITS RELATION TO OUR FOREIGN TRADE

By E. D. ENNEY

President, Williams Cory-Mann George Corporation

During the past few years the overseas demand for American coal has been exceeded only by the demand for our iron and food products, and during the war and since the signing of the Armistice, American Bituminous coal has found its way into markets which were never before open to us. While foreign nations are making great development in oil, the United States still possesses and will continue to retain the supremacy in coal. Within the last few weeks upward of one hundred vessels—chiefly British—were waiting at one time in Hampton Roads for bunkers. Bunker coals are \$7.00 at American ports and upward of \$20.00 at British ports, which to some extent offsets the British advantages in wages.

Prior to 1914 our total exports had never exceeded 9 million

tons in any year, and less than 2 million tons of this were actually carried overseas, the bulk of the shipments going to Canada, East Coast of South America, Mexico and the West Indies. The great movement of American coal to Europe and South America began in the early part of 1915, and something more than 23 million tons were shipped that year. Shortage of vessel tonnage and submarine warfare so interfered subsequently with shipments that there was no marked increase in the volume of our coal sales abroad until 1919, when a record in the yearly volume of shipments of American fuel was made. Had not the miners strike in November occurred, with its consequent loss of production, and Governmental restriction of exports, which was maintained in effect until May 1st, the total exports of American coal in 1920 should have reached 30 million tons. Without further serious labor interruptions, and assuming that there will be a gradual improvement in the car supply, it may yet be possible to ship a quantity this year which will come close to this figure. The ability to increase our exports of coal beyond the 30 million mark will depend entirely upon whether the bituminous-coal-carrying railroads will find it expedient to improve their tidewater handling facilities. Our exports of coal are limited obviously by railroad facilities to transport and dump coal, and in view of the present shortage of necessary labor required to handle it over the piers and trim the coal into vessels, and of the fact that little has been done recently in the way of added terminal equipment, the limit has about been reached.

As to the opportunities of selling our product abroad there seems no question. Since foreign exchange began its downward trend, it has been argued that we would soon see a tremendous falling off in demand. While ocean freights have improved to a considerable extent in favor of the buyer, this has been more than offset by the decline in the buying power of his shilling, franc or lire; but demand is as keen as it has been at any time, regardless of the fact that a ton of American coal is selling here today for nearly twice what it did a year ago.

The important question continually arising in the mind of the American exporter of coal is:—can he hold and continue this great business which has come to him in steadily increasing volume during the past few years? The answer should be in the affirmative—always provided he is prepared to ship a suitable merchantable product and place the business of exporting coal on the same sound

financial basis that all foreign trade must rest on, otherwise the business cannot continue its present proportions. By this it is meant that at present coal export business is being done with the foreign buyer strictly for cash. The buyer, big or little, strong or weak financially, must place his money here in America before his coal is shipped, sometimes weeks before. Sooner or later some understanding must be arrived at towards extension of reasonable credit to the foreign customer, of unquestionable resources and integrity. He may be forced for the time being to accede to our terms—cash in advance—but naturally will turn from us, when he can obtain his supplies of quality equal to our product (which is generally well regarded abroad) on more favorable terms. The foreign customer has learned that under normal labor conditions, we have a steadily increasing production at an average lower cost than the fields from which he formerly drew supplies. The United States, with the rapid expansion of its Merchant Marine, unquestionably will be in better position in the future to provide more nearly competitive ocean freight rates than in the past and this added advantage will materially accrue to our benefit.

From 1910 up to the beginning of the war, there seemed a decided inclination on the part of the European and South American railways, public utilities and industrial concerns, to investigate our facilities for shipping coal, and the suitability of our coal, with a view to replacing their requirements, which had always been supplied by Europe. Many consumers began buying in this country a small portion of their annual needs with the purpose first, of insuring against being deprived of supplies from the United Kingdom, in case of interruptions caused by labor conditions, or other causes, and further, with a view to establishing connections with a source of production, from which it could be expected lower costs eventually would rule. While we have never been favored with as low average freights as competing coal-exporting countries (due in part to our dependency on foreign shipping and insufficiency of return cargoes in trades other than Latin America), lower cost of production and the recognized quality of our coal has permitted us gradually to establish ourselves as factors in the supplying of the world's demands.

It is an unfortunate fact that the frantic scramble from many markets for American coal during the past two or three years, and the anxiety of both buyers and speculators to participate, has

resulted in many instances in the shipment of unsuitable and inferior products, and this practice undoubtedly will militate against our future operations. The fact must not be overlooked, however, that a market abroad exists for a tremendous tonnage of our coal, and if our inexperience in the beginning has lost us some trade, and prestige, we shall regain most of it by redoubling our efforts when the conditions of foreign and domestic trade have become normal. The net results of previous exportation seems to prove that we have for export in increasing quantities the best gas coal which the world produces. Foreign gas companies have learned that it will yield higher candle power and greater calorific value than any previously employed. There is reason to expect that when conditions become stable, it will prove more economical even against a slight differential in freights.

Railways have learned to use both our high and low volatile coals in practices directly opposite to those formerly employed. Public Utilities and Industrial plants are gradually adjusting their equipment to suit the peculiarities of our fuel. Considering the situation from these view points, there should be no reason whatever why this country cannot enjoy a prosperous coal exporting business for many years to come.

Of particular interest is the shipment of American coal for bunkering purposes. Previous to the war the United States was not an important factor in the supply of bunker coal, that is to say, the coal required by a steamer for its own propulsion. It is true that for years foreign steamers have called at our ports to replenish bunkers, but it is not long ago that vessels came out from Scandinavia, Holland, France, England and Mediterranean countries, supplied with British or German coal for the round voyage; and comparatively small quantities, if any, were taken here. With Germany and France unable to produce sufficient for their own needs, and the United Kingdom production per man diminished by 30 per cent, the Eastern and Gulf coal ports of the United States are securing a rapidly increasing share of the world's ships fuel supply. Practically all liner tonnage plying between the United States and Europe are compelled to coal here, as are practically all the lines operating from Europe to the far East through the Panama Canal. Many American firms have established bunkering depots in the West Indies and at the principal ports on the East and West coasts of South America. At least three important

stations are maintained in the Mediterranean, and eventually private enterprises will displace the United States Government as suppliers of steamship fuel at or near the approaches of the Panama Canal.

There is another interesting feature in connection with the use of American coal for steamship purposes, and that is the tremendous interest that has been aroused over the controversy as to whether fuel oil is to replace coal for the generation of power.

While an increasing proportion of oil-burning steamers undoubtedly have been built recently, and many coal-burners have been converted to oil, it is nevertheless a fact that among shipping interests there is an underlying fear that the production of oil will not increase apace with the demand, and that the price may be prohibitive as compared with coal. In spite of all that has been said in favor of oil for bunker fuel, there is apparently a feeling that oil is a fuel more economically and better adapted for use by manufacturing industries, for naval purposes, and for liners of large tonnage operating over prescribed routes. This theory is borne out by the fact that not only have many owners found oil impractical for their requirements, and have reconverted their steamers to burn coal, but many large cargo carriers building on both sides of the water and originally designed to use oil are being changed to coal. Granting that oil as a concentrated fuel permits a steamer to increase her freight earning capacity, the advantage may be more than offset by the loss of time and opportunity through failure to procure ample supplies of oil at all times and in all places where coal would be available.

Meantime, the coal producers in this country are looking forward to a good market for their coal abroad, including many who were fearful that oil might displace coal, and are forging with a confidence that when the business of the world settles down to something like normal, American coal will have earned a place for itself as an important factor in our foreign trade.

The fact must be recognized that the great American Merchant Marine now building and partially in operation, requires for its full and profitable employment, especially of the vessels of moderate tonnage, a vast amount of bulk cargo, which cannot be provided except by the millions of tons of coal now being exported. Equally it is important that those foreign markets dependent to a large extent on us for the fuel necessary to insure their national prosperity and productivity, should be afforded the reciprocal opportunity of

shipping to us return cargoes in our coal-laden vessels. Thus the question of coal export is of international significance and of material interest to our foreign exporters and importers, but not more so than to our whole people, whose welfare is inextricably bound up with the continuance and expansion of our foreign trade. (Applause.)

PRESIDENT JOHNSON: The next subject is "Marine Securities" by Mr. John E. Barber of Harris, Forbes and Company, New York. (Applause.)

MARINE SECURITIES

By JOHN E. BARBER

Harris, Forbes & Co.

It is not necessary to stress before delegates to the National Foreign Trade Convention the importance of providing adequate financial facilities for our newly acquired merchant marine. American shipping will thrive and prosper under private ownership and operation to the extent that it is supported by the interest and savings of the American business man and investor. Happily, there is good reason to believe that a potential market exists for marine securities, which if carefully cultivated and encouraged will eventually reach large proportions.

Before considering the best means of attracting American investment into American shipping, we may profitably examine methods of ship finance employed by foreign maritime countries, where a wide distribution of ship securities has centered the public mind upon the development of shipping as a great national industry.

Originally, British tramp ships were owned in sixty-fourth shares, of which 33 representing absolute control were acquired by ship owners who received a percentage of the gross freight earnings for their managerial services. The significant feature, however, of such ownership was the manner of distribution of the 31 minority shares, which in the main were taken by British manufacturers. Such investment often yielded only a small return; nevertheless, British manufacturers, realizing that British shipping brought in their raw materials at low cost and created

an international market for their goods, absorbed such minority shares as a matter of fixed policy and tradition. If a ship were lost a new and larger ship was purchased; under no circumstances were the insurance monies disbursed to share-holders. Thus the original investment in shipping continued for generations.

A substantial amount of English ship financing is done through brokers or banks specializing in shipping mortgages. Such mortgage loans are distributed privately in varying amounts. There are also several mortgage concerns which lend money against ships at rates of interest usually about 1 per cent above the Bank rate. Such firms accept bills for the mortgage loan, a certain proportion of which fall due every six months.

Investment Trusts specializing in shipping stocks and mortgages have provided another important method of financing English shipping enterprise. The debenture bonds of institutions like the British Maritime Trust, Ltd., and the British Steamship Investment Trust issued against a diversified list of shipping securities enjoy a broad market and are highly regarded by conservative investors.

Moreover, new institutions are constantly being organized to aid British shipping. The Mercantile Marine Finance Corporation, Ltd., recently incorporated with a capital of \$5,000,000, represents practically the first company organized exclusively for financing ship building, particularly the smaller ship builders who are unable to float public issues. Also, one of the English oil companies has just created a subsidiary, known as "Tankers Inc.," with an initial capital of \$7,500,000 for the exclusive purpose of financing the purchase and construction of tankers, which are subsequently to be chartered to the parent company.

The issue of shipping bonds and shares direct to the public through underwriters after the American fashion has been adopted only recently in England, because of the difficulties experienced by some of the newer shipping companies in financing their needs through the channels described above. Securities in small denominations, usually £1 Sterling, are offered for public subscription, and such is the revival of interest in marine investments that huge over-subscriptions often result, enabling the promoters of shipping companies to purchase more tonnage than previously contemplated. In connection with the recent public issue of 1,000,000 shares of one of the newer English shipping companies,

no less than 8900 letters of regret over inability to allot the amount applied for had to be sent by Syndicate Managers.

Thus through numerous channels the distribution of ship securities is doubtless more widespread in England than in any maritime country in the world. Hardly a clerk, parson, store-keeper, school teacher or even servant, but holds a few shares in some shipping enterprise. The extent of this distribution is indicated by the fact that five of the leading British shipping companies have over 44,000 share-holders with an average holding of only \$2,500.

Holland originated the Marine Mortgage Bank for lending money to ship builders and ship owners against ships. This type of institution has since been copied in Germany, Norway, Sweden, Denmark and Belgium. Debenture bonds secured by mortgage loans restricted by law to 60 per cent of the estimated value of the ships pledged, are distributed to investors. The debenture issues of twelve Marine Mortgage Banks bearing interest rates varying from $4\frac{1}{4}$ per cent to 6 per cent are freely traded in on the Amsterdam Stock Exchange. Although introduced only twenty years ago, these banks have met with astonishing success and at present have loans outstanding on ship mortgages aggregating \$30,000,000.

In Norway, ship loans are treated as commercial loans in this country, and there is no class of banks specializing in lending against ships as security. Such loans are usually made for a period of six months, occasionally a year, and are renewable. They are protected by an assignment of part of the prepaid freights. Although made by the bank, directors and outside capitalists often participate in the underwriting. Marine Equipment bonds, as we know them, are not issued in Norway. A newly organized shipping company may issue its shares directly to the public, or through an underwriting bank. These shares are in bearer form and have dividend warrants attached, which, like coupons, are cut off as the dividends become payable. Such shares are extremely popular and it has been possible to distribute throughout Norway the shares of the smaller companies, and even shares in individual ships which are partly owned and entirely managed by the masters, mates and engineers who operate them.

The experience of foreign maritime countries demonstrates that it is possible to popularize shipping investment irrespective of the size of the borrower or his sphere of activity.

Of immediate interest to the Shipping Board, prospective ship owners and the business and financial community, is the problem of financing the sale of the Government's ships. Only a portion of the vast tonnage owned by the Board can be absorbed by the older and richer American shipping companies and since the full benefit of our merchant marine may best be realized from the establishment of a large number of moderate sized firms of ship owners, new purchasers must be found, particularly among smaller firms desiring to expand or among those concerns exclusively engaged in operating Government ships. However, a majority of these firms are not plentifully supplied with capital and the problem is to furnish funds for the purchase of ships by those who have acquired the ability to operate them.

Ship loans running for a period of years are not suited for investment of commercial banks desirous of maintaining a liquid position, which fact limits the amount of credit ship owners can reasonably expect from this source. The conclusion is unescapable, that the investor is the key to the situation and the education of the business man, merchant, banker and private investor to the merits of ship securities becomes of paramount importance.

Fortunately, ship securities are not entirely unknown to American investors although their market has been confined chiefly to seaboard cities and the region of the Great Lakes, where it has been easy to visualize such investment. Financial publications list a total of \$145,000,000 of shipping bonds outstanding in 1919, including the obligations of shipbuilding, dry dock and terminal companies as well as shipping companies operating on the Great Lakes and inland waterways and those engaged in Coastwise and foreign trade. However, this sum represents only a relatively small number of borrowers—less than 80.

In the past twenty years a substantial market has been developed for marine equipment bonds issued against Lake ships. It is estimated that \$150,000,000 of such bonds have been distributed to investors during this period. Only a part, of course, of these bonds have been outstanding at any one time. Such bonds have had a good investment record and occupy a deservedly high place in the estimation of the investor. One institution alone in Detroit has since 1900 distributed to the public marine trust bonds covering 122 vessels ranging from 4,000 to 10,000 tons dead weight, and during this entire period neither the institution nor its cus-

tomers have suffered the loss of a dollar. Marine trust bonds which conform to carefully drawn restrictions are legal investments for savings banks and trustees in Ohio and Michigan and many recent ship loans issued in New York and other Eastern cities have been so framed as to permit advantage to be taken of the Great Lakes market with its large absorptive capacity.

Our successful experience in the financing of our Great Lakes and coastwise marine shows that private capital can and will support shipping where conditions are made favorable, but a broad national market for securities issued against our ocean carriers can only be developed under a favoring national shipping policy.

Furthermore, before there can be nation-wide absorption of marine securities, interest in *ship owning* similar to that aroused during the War in *shipbuilding*, must be created in the minds of the general public. Broad national agencies like the Shipping Board, National Foreign Trade Council, Chamber of Commerce of the United States, American Bankers' Association, and National Marine League, working directly and through their affiliated bodies, are best qualified to picture to the individual farmer, merchant, manufacturer or wage earner throughout the country, especially in the interior where most of our cargoes originate, just what advantages a native merchant marine afford him. With this as a foundation to build upon, investment bankers can more effectively conduct an intensive campaign to popularize shipping securities.

Ninety-five per cent of public investment in any new type of security is influenced by the recommendations of bankers who for this reason constitute the best and most direct approach to the savings of the investor. There are throughout the country approximately 1,000 bond houses, banking firms and institutions engaged in distributing securities to the public. Collectively, these form a powerful agency for the popularization and distribution of marine securities.

Through patient, persistent campaigns of education, investment bankers have in the past convinced investors of the merits of various types of new securities. For example, mainly through such efforts, the market for municipal, public utility, and industrial issues has grown from a strictly local affair to one of national proportions. The same procedure may be followed with marine securities, and provided such investment is properly safe-guarded through enactment of wise laws affecting shipping, it will not be

difficult to educate the investing public to the desirability of ship investment. It will require time and patience, but the effort will be justified.

Other agencies for obtaining public participation in ship investments are already being created in this country. Among them may be mentioned an Investment Trust modeled upon the English plan, which offers to the public "certificates of beneficial interest" secured by a diversified list of the securities of companies directly or indirectly connected with United States maritime activities. Also, a "Marine Corporation" under which "certificates of equitable ownership" in merchant vessels actually in commission enable investors to participate in the full net earnings of the ship against which they are issued.

However, before investment bankers can conscientiously recommend the investment of their clients' money in ship securities, it is essential to improve the status of ship mortgages, which must offer the investor as good protection as railroad or industrial mortgages. The present situation under which the holder of a first mortgage on a vessel may find his investment impaired or even totally destroyed through priority of claims filed on account of repairs, supplies and contractual liabilities, is not conducive to extensive investment in marine equipment bonds. This imposes a particular hardship on the smaller companies owning only a few ships or unable to pledge piers, terminals and warehouses as additional security.

It is also extremely important to the establishment of a market for ship securities, that bankers be satisfied that American navigation laws permit our shipping to operate profitably under normal conditions and rates, since earning power is fundamental to sound investment; furthermore, that the prices asked for the Government ships are reasonable under prevailing conditions; and that the purchasers of such ships at the current high price level are enabled by law to rapidly amortize the cost price to values which place the owners in a sound competitive position.

At the outset, marine equipment bonds will make the strongest appeal to investors. Such ship bonds, secured by a first mortgage upon our new steel ships and issued to the extent of approximately 50 per cent of a conservative valuation for such vessels, and protected by complete and thorough insurance provisions, offer the investor good security, which constantly improves as the loan

is amortized through semi-annual maturities of principal over a five or ten year period. The market for this type of bond is constantly widening and there has been steady absorption not only in seaboard cities like New York, Boston, Philadelphia and Baltimore, but in interior markets such as Albany, Pittsburgh, Cleveland and Detroit. For those investors who are not content with a relatively low fixed income yield, junior issues of debenture notes or preferred and common stock, offer an opportunity to participate more directly in the profits of shipping companies.

Although the older, better known American shipping companies can doubtless successfully obtain capital through issues to the public, the most difficult problem in ship finances is to provide for the legitimate needs of the smaller ship owner unable to offer as a background for his securities, a record of years of successful management, established connections over profitable trade routes, or large financial responsibility. Desirable as it may be to encourage the establishment and growth of these smaller companies, it is extremely difficult under present market conditions to arrange such financing except at a cost for capital so high as to impose a burden upon such borrowers. It is, therefore, the conclusion of many bankers that for the present at least, pending the establishment of a broader market for marine securities, the Government will itself have to finance on liberal terms the smaller purchasers of its ships. Such action will lighten new demands from shipping upon the already strained credit resources of the country.

The Shipping Board has already recognized this necessity and contemplates a sales policy which will enable ship owners to acquire Shipping Board tonnage with only a small initial cash payment, the total purchase price being worked out gradually over an extended period of years.

The apparent impossibility of interesting private capital to the extent of entirely absorbing the Government's \$2,000,000,000 investment in ships has led many to advocate a continuation of Government ownership in order to prevent sacrifice. However, it should be borne in mind that a large part of the Government tonnage, such as the wooden and many of the smaller coal burning steel ships, will not prove attractive to American purchasers and will doubtless be sold to foreign flags. In fact, eliminating troop ships, refrigerator ships, tankers, etc., the Shipping Board owns only 746 vessels of 6,000 tons dead weight and over, whose economies

of operation make them entirely suitable for use in foreign trade. To finance the initial cash payment of 25 per cent of these ships representing 6,450,000 tons dead weight, even at \$200 per ton, would require less than \$325,000,000, a large but not impossible sum. Furthermore, the present market for ships in this country is limited and, irrespective of price, the ships cannot be sold faster than the capacity of the market to absorb them. Viewed from this angle the financial requirements of American shipping, spread over the five or ten year period necessary to the sale of the Government vessels, ought not to tax unduly the resources of our investment markets at any one time.

American bankers face a two-fold opportunity: first, to develop through the introduction of marine securities, a new source of profitable business; and secondly, to perform constructive work of prime importance and far-reaching benefit. The financing of an industry so essentially international in character as shipping, is a progressive step toward a recognized position in the world of international finance. There is ample evidence that bankers are alive to this opportunity and are studying the possibilities of shipping securities. Already, there is competition among bankers to purchase securities issued by leading ship builders and ship owners.

This attitude of the bankers is reinforced by gratifying evidence of interest on the part of the public, which, judging from the successful distribution of recent issues to people of moderate means located at points distant from the seaboard, is more receptive to marine securities than is commonly supposed. In fact, the conclusion may be justified, providing Congress adopts, within a reasonable time, a definite and fixed national merchant marine policy favorable to American ownership and operation of ships, that private capital can be obtained as needed, sufficient to sustain our shipping on a permanent basis. (Applause.)

PRESIDENT JOHNSON: The convention now stands adjourned until 10 A. M. to-morrow morning.

ADJOURNMENT.

GROUP TWELVE

PRACTICAL PROBLEMS OF THE EXPORT MANAGER

Friday, May 14, 2:30 P. M.

Civic Auditorium

The meeting convened at 2:30 P. M., Mr. C. H. Bentley, California Packing Corporation, presiding.

CHAIRMAN BENTLEY: I will proceed at once and ask Mr. W. P. F. Ayer, Vice-President of the Walworth Manufacturing Company, to give us the first address on "The Selection and Training of Export Salesmen."

THE SELECTION AND TRAINING OF FOREIGN SALESMEN

By W. P. F. AYER

Vice-President, Walworth Mfg. Co.

In dealing with this subject, let us first determine the qualifications required for a successful foreign sales representative.

The requisites for the export field are fundamentally the same as will make for success in this country, and touching upon them in passing, I think you will agree that no salesman approaching 100% efficiency will be without poise, optimism, diplomacy, tact, good business judgment, ability to size up business and personal relations and conditions, ability to make profits, good habits, and some other qualifications which it is unnecessary for me to mention here. In addition to these, however, your foreign representative must have certain other qualities in order that he may make a full measure of success in any foreign market in which he is operating.

1. Maturity of age and stability of character.
2. Inclination to reside abroad.
3. Full and complete knowledge of the line.
4. General knowledge of export conditions and practices.

5. Knowledge of the language.
6. Adaptability in the broadest sense.
7. Credit sense.
8. Character.

Dealing with these requisites separately—

1. MATURITY OF AGE. This, it seems to me, is absolutely essential for any man who is expected to operate successfully in foreign markets. A man of 28 or 30 usually has had sufficient experience to enable him to guard himself against the pitfalls and temptations in most foreign lands, and with the stability of character which if it is to come at all will arrive in a man of this age, it can be reasonably expected that your foreign representative will be able to pass by the seamy side in foreign cities, and devote his time and attention to the furthering of the sale of your products there.

I have known of a number of young men whom we might term as not fully ripened, who have been sent out to Latin American countries or other foreign markets, and without family ties, or responsibilities such as they would have at home, have fallen by the wayside and their life wrecked because of indiscretions committed, which would not have been the case had they been able to judge more accurately of results. This point I believe to be most important, and I believe that any company sending a man into the foreign field should see to it that their representative is fortified against conditions which they are sure to meet, by a mature judgment which can seldom be found in men of less than 30 years or thereabouts.

2. INCLINATION TO RESIDE ABROAD. One difficulty in developing a foreign sales organization composed of Americans is the tendency of the American young men to stay at home. While this is very commendable in the abstract, it is not productive of the best results when it comes to a development of our foreign trade by distinctly American organizations. I think one of the secrets of the success of the Germans and the English in the development of their foreign business has been the apparent content on the part of the German, Scotsman, or Englishman to reside in foreign lands and make his home in those countries more or less permanently. Your American is perfectly willing as a rule to make a trip abroad, but at the end of six or eight months, is anxious to get back to his home and his sweetheart, and he becomes discontented, with the consequent inefficiency if not allowed to do so.

Some of our foreign competitors who have representatives all over the world go to those countries with a definite purpose of remaining perhaps for all time. There they rear their families, and become more or less prominent citizens of the country of their adoption. It is true that we have been educating our young men more to this point of view in recent years, and I am glad to say that we have in our own experience young men who eagerly seek the export department and express themselves as willing to become a real resident of the foreign country to which they are sent. No doubt as we progress in our export business, we shall be able to secure an increasing number of such young men, which in my judgment will go a long way in bringing more closely together the American manufacturer with the foreign buyer.

After all, what we want is the foreign merchant to think AMERICA, to come so closely in contact with the people of this country with their ideals and policies that they will come to know us better, and with the knowing will result a greater foreign trade.

3. **FULL AND COMPLETE KNOWLEDGE OF THE LINE.** I suppose most of you will feel that it is hardly necessary to say much about this particular qualification. We all know that in this country some of our sales representatives are not as familiar with the line they are selling as they should be, and yet they get by because of their proximity to headquarters. Questions may be asked and answered by mail or phone, so that the customer has the knowledge he requires, and not so much discredit reflects upon the salesman as would be the case if the information was not close at hand. In foreign markets, however, your representative should be considered the encyclopedia of all pertaining to your line, and, in fact, the more he knows about it, and the more he knows about America and its industries in general, the greater respect will he command, and the greater will be the results attendant upon his efforts.

The old saying that "Knowledge is power," I think is no better exemplified than in the case of your foreign representative. When he goes into Bombay, Sydney, Buenos Aires, Bogota or any other market of the world and is able to convey to the buyer a knowledge not only of his own line, with which he should be acquainted thoroughly, but a general knowledge of conditions in this country both industrially, socially, and politically, then does he become a real ambassador of the American manufacturer and a visitor respected and welcomed,

4. GENERAL KNOWLEDGE OF EXPORT CONDITIONS AND PRACTICES. No man should be sent into the export field without a general knowledge of export conditions and practices. We all know that the export business is quite different from domestic business in many ways, and without a knowledge, by our foreign representative, of those differences, he will not be equipped to handle the business as satisfactorily to the customer or his principal as though he had this knowledge. So many errors of all kinds can be guarded against, provided this knowledge is gained before operations are begun.

For example, a very simple bit of knowledge can be gained by experience, which I might mention here. In Chile, it is necessary that all packages be stenciled, and not marked by a brush or otherwise. Some customer might fail to give this advice, which is a customs law, and when placing an order without the knowledge by the representative, the manufacturer at home would unknowingly commit the blunder of marking in another way—thus entailing a fine upon the importer which in turn would react upon the manufacturer. This is only a little item, but the export business is full of just such conditions not only applying to packing and shipping, but in the handling of shipping papers, discounting of drafts, etc., etc. While it would be difficult for your representative to know all of these conditions and keep up with them in all countries, a general knowledge of export practices would prepare him to meet situations arising which might not occur to him were he without this preliminary preparation for foreign trade.

5. KNOWLEDGE OF THE LANGUAGE. I suppose most American manufacturers, when selecting a representative for export work, ask the question—do you know the language of the country to which I want to send you? While the knowledge of the language is, in my judgment, of great importance and will without doubt be of help in selling most foreign markets, I do not believe it is the primary qualification necessary in an export representative. I have known cases where a company has sent a man into the foreign field simply because he knew the language of that particular country, the knowledge of the line and other necessary qualifications having taken a secondary place or considered at best of lesser importance.

In many countries, the merchant importer speaks one of three or four different languages, and in British possessions, as well as

in China and certain other Eastern countries, English is more or less commonly spoken. No doubt in Latin American countries a knowledge of Spanish is of great value, but the foundation of our business in South America was laid by a man whose knowledge of Spanish was gained by a study of six months in night school and at home. With this knowledge, he went to South America and inside of six months became sufficiently proficient in the language to converse and transact his business in it.

6. ADAPTABILITY IN ITS BROADEST SENSE. This is a characteristic necessary not only in your foreign, but your domestic salesmen as well, and I believe that in the foreign salesman there should be at least 100% more of it than in the man who sells in this country.

We have heard of the hustling American who goes to Rio Janeiro and expects to clean up the city in three or four days' time in the same manner as he would Cleveland or Chicago. We have also heard of how he has failed to accomplish his expected clean-up, whereas his competitor, who is satisfied to go to that same city and spend sufficient time in social intercourse, has succeeded in sending home the business to a far greater extent than has the hustling salesman. And so this example of adaptability may be multiplied by 100 or 1,000 times in all of the varying conditions in the different markets throughout the world.

A man must have that happy faculty of grasping quickly what is expected of him, no matter where he is located. He must be able to size up his customer's habits. He must be able to drop absolutely the ways of the American salesman and conform to the customer's requirements existing in the foreign land. If he has been accustomed to get down to his office at nine in the morning and to take his lunch at one, be back on the job again at two and leave the office for the night at 5, should he go to Havana, where the hours are quite different, he must make up his mind that he is in Havana, and that if success in selling means anything to him, he must take his siesta in the middle of the day, being satisfied to conform to the hours of the buyer rather than to attempt to enforce his own. A man truly loving his business and attempting to perfect it to the highest point of efficiency, will study these conditions and will study also himself, and finding the qualification of adaptability to be of so much importance, will bring himself to it shortly.

Aside from business, there is much that can be said on this

point with respect to his position in his local community. In nearly all foreign markets the American salesman of high character and standing will be accepted with open arms. Let him enter into the social life of this community and become a factor in it, and it will mean much in the making of his success as it does in this country.

7. CREDIT SENSE. We have all heard of Horse Sense but I sometimes think that credit sense is akin to it. A man who can definitely and accurately size up a credit risk in a foreign land is the man whom you want for your foreign representative. There is something besides the actual selling of goods abroad, and that something is to secure your money for them after they are sold. Like in our own country there are good, indifferent and bad risks abroad, and it takes a pretty keen sizing-up of the situation to determine the class of people to whom you should sell, and this sense can be used only by the man in the field. Your credit manager has to rely, to a very great degree, on your representative's recommendations, and these recommendations, when guided by good credit sense, mean a clean financial slate for your export department.

8. CHARACTER. A man of high ideals and character is always respected by people with whom he comes in contact, and our foreign customers are no exception to the rule in their estimate of your representative. We know that many men who have traveled abroad have been interested largely in the immediate order, and have even gone so far as to misrepresent conditions in order that business might result during that particular trip. A man of the proper type and one with high ideals of business, would not stoop to a policy of this kind which is detrimental not only to himself and his principles, but to the great mass of American manufacturers. The straight truth, with honest and fair dealings, and without misrepresentation in any form whatever, is the course that is going to put the reputation of the American manufacturer on that high pedestal in the eyes of the world, from which it cannot be removed.

I suppose you will feel that my foreign representative as pictured has got to be pretty nearly a paragon of efficiency, but I think you will also agree that in shooting for any mark it is well to set that mark high, for in the shooting, the higher the mark, the higher the shot. We can none of us hope to attain at all times

100% efficiency, but if we set our standard high, so much the higher will be the efficiency which we are able to arrive at.

We have found that with this standard it is rather difficult to pick men who measure up to it, unless those men have been eminently successful through previous training and experience in the export field, and where they have been, it is usual for them to follow their own line of industry, and generally unwise for them to make a change into a line with which they are unfamiliar.

We have, of course, had some success in choosing men not trained by ourselves, but feeling as we do the wisdom of making the right start in the export field, we have established a school in which we put worthy young men who have had a previous period of employment with us, and who have proven that they are worthy of our educating them for higher positions.

This school is our general training ground for salesmen and sales executives, either for the domestic or foreign field, and we usually do not decide into which particular field of activity they are to be placed until we have observed both them and their work for a definite length of time. Let us then start with the young man who has come into our employ, say as an office boy, or other similar job, at one of our branches or divisions, and who has by his industry, energy, and attention to business, proven himself worthy of something better in our organization and has gained it. After receiving the recommendation of his local manager, and after a sizing-up given him by the Manager of our Sales Promotion Dept., if he sizes up, he is sent to either one of our two plants and put into some part of the factory where we will be able to observe him for a few weeks and see if he is satisfied to go through the arduous tasks that are set him. If he measures up properly on this work, he is then placed as a full-fledged student in the school, the term of which consists of 11 weeks at our Eastern Plant, and 20 at our Western Plant. He is given a suit of overalls and rings in on the time clock at 7 in the morning, and is assigned to various kinds of production work in the different departments throughout the plant. Each morning it is his duty to report exactly the same as any other operative and to carry through the work of production so that he may become familiar with the product, its process of manufacture, and the application of the finished article. His period of study is divided up into days or weeks according to the size of the different departments and their complexity. Each morning his

hours are devoted to this class of work, and in the afternoon he goes to the classroom especially provided for the students, and is questioned as to the knowledge gained by him on the previous day, being allowed to ask questions of any kind which pertain to the department in which he has been working. These questions are answered and examinations conducted by a man thoroughly conversant with our line, both from the production and from the sales point of view, and it would be interesting to you to hear the different number of queries made by this man of the students each afternoon as they assemble in the classroom.

You will note that the education which I have outlined so far covers only a knowledge of the product, what it is used for, and where sold. It is our purpose in educating these young men, not only to give them the fundamentals of the business, but to try and fit them by a course of broader education for the bigger problems of our business, so that some day when the opportunity presents, we shall have a force from which we can fill the higher and bigger positions in our company.

With this end in view, we have weekly lectures and discussions on the problems of factory management, salesmanship, export business, finance, the problems occurring in the executive, administrative, and accounting departments, and in fact, all problems which daily arise with an executive in any manufacturing plant. We try as far as possible, to have these lectures and discussions with our own executives, now and then securing from the outside a man of recognized merit in some particular field, who will present a different angle on any subject from that of our own executive. We encourage the men to ask questions, to think for themselves, and we try to impress upon them the realization that there is always something for them to strive for beyond the immediate future of the salesman's job. Beyond and aside from these problems, we are trying always to instill into the minds of these men that high ideals in business pay, that honesty, fair dealing, loyalty and character are the best assets of a business man.

Many of the young men indicate a desire for study of some particular kind during this course, and we also encourage this. Languages often appeal, and we assist in this study and advise French, Italian and Spanish—in fact, we conduct classes in the latter. We do not expect to turn out finished linguists, but we have found that the knowledge gained in these classes has been

of great help to the young men when they go into their field of activity.

During the entire course of 31 weeks, we are watching our men and trying to discover in them an inclination as to what their future will be in our company. There are some just naturally born salesmen, some who lean toward the mechanical end of the business, and still others whose bent seems to be accounting and finance. We talk with them from time to time, outlining the roses and thorns in each path, and we endeavor to guide them without influencing, allowing them in all cases to select their own particular line of activity—to arrive at their own conclusions. We find that the majority are strongly inclined to sales work, a certain percentage to production, and a somewhat greater number to the export field, but I might say that the desire for export work is growing yearly.

At the end of the course, they are put through a very thorough examination covering questions on all sorts of subjects not only pertaining to product, but to the various matters included in the lectures during the course, and if answered correctly, we feel reasonably sure that the young men are well grounded in the fundamentals for success in sales work. Provided these examinations are not passed with a mark of at least 80%, a further period of study is allowed to the young man until he perfects himself in the points on which he failed.

And then comes the parting of the ways between our domestic and foreign representative. As this paper deals only with the latter, I will take up the step from here and follow the young man into the foreign market.

Up to this time most of our students have had little or no sales experience whatever, and while theoretically salesmen, they need the practical part of it. They do not know the rebuffs they are likely to encounter, or the other discomforts which attend the ways of a traveling representative, and they need the opportunity of trying out their education. We pick out for our men what is probably one of the hardest of jobs—that of missionary man. We put him in charge of a seasoned salesman in some particular territory and have him call at every smoke stack with his grip of samples demonstrating to every engineer or user, the merit of our material, and those of you who have done that sort of work know it is somewhat disheartening and that it brings out the stick-to-it-

iveness and other strong qualities of the novice. By a system of daily reports we know what he is doing, what success he is having, and we take very good care to watch his own reaction. If he has set his teeth to make a success of this job, regardless of anything else, we feel that he has at least some qualifications that will make good in the export field.

After a period varying according to the development of the young man and the opportunity presented for advancement, we take him out of this work and put him into our local export department at either of our plants, that he may familiarize himself with the domestic end of the export trade as fully as possible. He goes through the various departments of the Export Order, Packing and Shipping, Sales and Accounting Departments, so that he may know the detail necessary in connection with this work at home, and may appreciate what it is necessary for him to do in order to help this department when he finally arrives in the foreign field. This part of his education may be six months, a year, or even more, depending on how quickly he absorbs information and how soon an opportunity presents for his employment elsewhere. All the while we are watching his development and helping him in all ways possible.

The next step for entry into the foreign market, requires him to have some export sales experience, and in order that he may gain this, he is placed in New York under the jurisdiction of our export sales company, and allowed to demonstrate his ability as a salesman among the exporters there. Aside from his actual selling experience, he also will gain a further knowledge of conditions existing in foreign markets which will help him when he actually gets into the field. A more or less fixed time is allowed for this work, again depending on his success and the opportunities offered, after which he is selected for the foreign market for which he appears best suited, and if possible, for which he has shown a preference.

By this time if our candidate for foreign representation has passed successfully through all of the various stages which I have outlined, we then feel that we are warranted in placing him in the foreign market, and after a heart-to-heart talk with him, he is given full authority as a salesman and sent on his way. I am glad to say that this process of selection has proven a success in the majority of cases.

I suppose you have noticed that in the selection of our foreign representatives, I have dwelt rather strongly on the wisdom of choosing an American, but I do not want to leave the impression that I am prejudiced entirely in favor of this course. We have in our organization a number of men of different nationalities either by birth or ancestry, and I believe there is much in the way of advantage in placing in a foreign land one who is a native of that country, provided he can be educated with American ideals.

I believe it is a particular advantage to have Latin American representatives in Latin America if they have all of the American characteristics and have been educated with American ideals; but lacking in these, my preference would be for the American representative with somewhere near the 100% qualifications which I have enumerated.

Our Company has to-day in Latin American countries men who by ancestry are Latin Americans; we also have men whom we call, for example, American. Both classes are doing excellent work, but in every case the Latin American has been educated in our schools and brought up with our ideals and our policies firmly fixed in his mind. We continually have the opportunity of placing men of various nationalities in our school, and are using them in many cases in the export field to advantage. To illustrate, our man in Italy, while being a native of Italy, and a graduate of the University of Rome, has spent sufficient time in this country to become imbued with American ideals, and is a graduate of our school. Other cases might be mentioned of similar type throughout our export organization.

While I realize that a school such as I have described may be considered as an excellent method for the education of salesmen, I know that it cannot be maintained excepting in an industry of sufficiently wide distribution through the world to warrant such expense, and that many manufacturers of necessity must pick their men from such applicants as they are able to locate when needed. To those, I would suggest referring to the list of qualifications mentioned previously and I recommend that so far as possible your foreign representative measure up to those ideals in each and every case. Much has been said in the past of poor representation on the part of American salesmen in foreign lands, and we know only too well what this means to the American exporter as a whole, and what it means also to the export business of the United States.

Foreign business must of necessity be handled on the highest plane of salesmanship, and that plane is the one on which rests the qualification which I have mentioned.

I think you will agree with me that your representative abroad creates in the mind of the foreign buyer, to a very large extent, his ideal of the American people, and it is by the reaction created by such representatives that the great mass of American manufacturers will be judged. We must remember that the buyer abroad does not, as a rule, come in contact with the home office, as is the case of the domestic buyer, and all of his dealings are through your representative. When you select a man who appreciates fully the very definite sense of this situation and he is able by his qualifications to create the proper impression, then you have a real asset. It has been necessary for us in the past to occasionally select men other than of our own raising and in such selection, we have tried to apply the yard stick of our 8 qualifications. If he measures up somewhere near, we then give him a course of intensive training in our plants, familiarizing him with the lines and their applications, as rapidly as may be, and at the same time try by our conferences with him, to instill in his mind some of the ideals of our company. I am glad to say that most of such choosing has been successful.

In closing I want to emphasize most forcibly what proper foreign representation means to the American manufacturer as a whole. We have heard many times of men going into the export field and falling by the wayside either through drink, gambling or other vices, or avoiding these, failing to measure up to our standard in other ways. We know what the judgment of the business man in this country is of a representative of this type, but at the same time seeing also men of the right standard, we seldom judge their principles by them. This is not always the case, however, in the foreign field—the American in nearly all foreign markets is not there in the same numbers as is the Englishman, Scotchman, Frenchman, German, or even Italian, and those who are there must see to it that the standard is kept high—that the reputation of the American manufacturer shall be and is second to none in the world. With a representative of this type, business will be built on a firm foundation not only for his own principals, but such building will mean much in the establishing of a reputation for the American manufacturer as a body. With the policy definitely

before us of selecting and training the proper sort of representatives, there is no reason why the American manufacturer should not be counted as the leader in the world's markets, not only for the quality of his goods but for his reputation for fair and honest dealings; not only for his ability to take care of foreign business under all conditions but because of his high standard of representation which means so much to the buyer in the foreign land and which in turn reacts in the building up of the export business in our country. (Applause.)

CHAIRMAN BENTLEY: At the request of Mr. McElhany, who was unable to be here, the committee has arranged to have a paper presented by Mr. Lawrence Langner on the subject of "Trade Mark Protection."

TRADE MARK PROTECTION

By LAWRENCE LANGNER

New York

This subject of trade mark protection about which I am going to talk to you, is one that has been under consideration for a long time, and one that is being given considerable attention all over the country. There have been some rather spectacular piracies of American trade marks in foreign countries.

Before going to that subject, however, I want to take up with you the question, particularly for those who have not gone into the exporting field yet, of the trade mark, and to what extent that particular trade mark is suited for export trade.

A great many concerns, through the period of development, limit their markets strictly to the United States, and then they begin to receive export orders and in that process of evolution they begin to adopt a trade mark which will be used in the export trade. The question comes up at once as to whether a trade mark which is a good trade mark in the United States will be equally as good a trade mark in a foreign country; and in connection with companies that are being formed for export business, or are going into the export business for the first time, the question arises as to whether or not that trade mark should be changed so as to make it suited

for foreign conditions. There are a great many trade marks which are in use in this country and are very well adapted for trade marks in this country, which, when you get into places like China, Japan, countries in South America, etc., are not adaptable and do not convey to the person who is buying the goods the origin of the goods; they do not tell the person who is buying them the name of the manufacturer or the place where those things were made, and as a result of that, the American manufacturer using such a trade mark is not building up a good will on a sound foundation.

My experience has shown that where you have a trade mark in this country which has been successful here, a mark which has some particular value in this country such as "Ever-Ready," for instance, which is a good, catchy word in this country,—when you take that word and use it in South American countries, it has about as much significance as a Latin-American word would have in this country. Therefore, they adopted, in connection with that word "Ever-Ready," a picture of a face, which trade mark I am sure you are all familiar with. That trade mark with the face was good everywhere and was an excellent trade mark for distinguishing the goods of that company all over the world.

If your mark is not adapted to export trade, you should try to associate with that mark some picture or device which will make that mark universal. With Borden Eagle Brand Condensed Milk, particularly in India and China, that picture of the eagle is the thing that sells those goods. It's the eagle, not the word "Borden," that sells those goods.

A knowledge of the particular conditions in the foreign countries is advisable in choosing such a trade mark. Not so long ago a man wanted to use a cow to illustrate his trade mark, and fortunately he was advised that the cow was a sacred animal, and the use of such a mark would have been regarded as sacrilegious. That is particularly true in India.

The American Chicle Company sent a load of chewing gum to China which was gotten up in certain colors. They had changed the colors for the domestic trade and sent the labels in the same colors to China. The result was that the sale of the gum dropped to almost nothing, and upon inquiring into the situation, they found that the colors were mourning colors and the Chinese thought that the gum was to be chewed only at funerals. (Laughter.)

Once you have selected an export trade mark, or have adapted

your domestic trade mark to export business, having decided to build your advertising and business on that trade mark, the next thing you have to do is to get as much protection as you possibly can for that trade mark. You are not going to spend a lot of money in advertising or build up a business on that trade mark only to find that somebody else has the right to use it. Therefore, the first thing a man should do, having determined on his trade mark, is to investigate the laws in those foreign countries and determine to what extent he can secure protection. The unwillingness, or perhaps the negligence to bother about the laws has cost many Americans dearly. The assumption is that the laws in the other countries are the same as the laws in the United States; or the assumption is that a great deal has been made over nothing.

Actually speaking, the group of countries where we have the greatest piracy of trade marks, have an entirely different conception of trade mark laws than we have in this country. Here, we think that the man who first uses that trade mark has the right to it—the law gives him the strongest kind of protection under which is known as the Common Law. Actual registration of a trade mark in this country is not compulsory, and it doesn't give you anything you haven't got already. It's the use of the trade mark which gives you your ownership.

When we get to the foreign countries, they have an entirely different system—they keep a book called the Register of Trade Marks. They have an idea there should be such a book kept in the central government office, and that in that book should be entered all the trade marks being used in that country. This register is regarded by them as the keynote of their system. They say if a man has not registered his trade mark, he does not own it; if he owns it, he must register, just as we register title to property in our country. Because that system has been generally misunderstood and because Americans have not taken advantage of registering their trade marks, the unscrupulous people have used that trade mark system to appropriate the trade marks of American manufacturers.

I may say that in my experience I haven't found that the trade mark piracy is spectacular—it isn't done with the idea of holding up the American company for a large sum of money for the trade mark. It is done because of that, sometimes, but more often in this way: a man over in Argentina, for example, will write a letter

to an American company asking if he can handle their goods, or an American company writes a man in Argentina, asking him if he will handle their goods, and the first thing the Argentine trader does is to register that trade mark himself, registering it in his own name, using that as a means of getting the contract, or after he has the contract, of holding the American owner in case he should wish to change his method of doing business.

I have seen time and time again a case of a quarrel between an Argentine representative and the American company in which the American company says that their Argentine representative can go to the blazes, and have tried to change their agent. The result of that has been that they find their Argentine agent has registered their trade mark in his own name and they cannot do business in that country, under that trade mark, with any one else.

The National Cash Register Company had exactly that same experience in Cuba and for years they had to make their registers with an entirely different name plate, and they finally decided to pay that man \$2,000.

I happen to know that it isn't now possible to sell Chicklets, sold very extensively in South America, in the Argentine republic because a man has registered the trade mark there. In this case it was a German, not a native, and the company is being held up for \$5,000 which he expects to receive.

These are examples of piracy going on all the time. It isn't only in the South American countries where that happens; it happens in English colonies also. For instance, there the trade mark of canned meat was registered. In Australia there is a good deal of the same kind of thing, all done with the idea of holding a foreigner to his contract. On the other hand, we have run across some rather astounding cases where the pirate hasn't been satisfied with appropriating the trade mark of a few manufacturers but has gone into the thing wholesale.

A few months ago a case came to us where a man had registered forty trade marks—he had the entire automobile industry in Portugal in his hands. I happened to be called in in connection with some of those matters and we took the matter up with the State Department. We drew the attention of the Portuguese government to the fact that almost the entire automobile industry was in the hands of the Portuguese because he had registered the trade marks of all the automobiles in the United States; and that is true

in Latin-American colonies. There, if you infringe upon a trade mark, you are liable not only to arrest but also to confiscation of the goods.

This is a letter I am going to read to you from the Consul in Portugal, who called upon this man. He described him as having been in business for four or five years, as the Henderson Motorcycle Company's representative in Portugal; and that in pushing the sale of motors and motor cars, he has been very energetic; his reputation is that he is a hustler but is lacking in scruples. The Consul then called on him to ascertain why he had appropriated all these trade marks and he said that the man was visibly embarrassed when the subject was introduced but admitted having registered thirty-seven automobile trade marks and three motorcycle trade marks in Lisbon. He stated his reason was that after obtaining the agency in Portugal for the Henderson Motorcycle Company he discovered that some person had registered the name of the motorcycle and that in endeavoring to secure the agency of an automobile concern he caused to be registered in his name all the trade marks of the American motor cars, thus assuring himself that if he secured the representation of any of the automobile cars or motorcycles, he would have no difficulty due to the prior registration of the trade mark by some other representative.

The Consul went on to say that inasmuch as this person did not seem to be of the best character, the trade mark registration of American products should not be in such hands, and took the liberty of asking that the automobile industry of the United States be allowed to establish their own trade marks.

There you have the reason why he appropriated these trade marks. A further investigation of the subject showed that he was likely to be willing to part with these trade mark registrations for a consideration. But I believe that the man was truthful when he said that he registered the trade marks to protect himself when he secured the agency, for it was a pretty fine thing for him to say that he owned all these trade marks; but, on the other hand, he didn't realize the calibre of men he was dealing with. The psychology of saying that "I have registered the trade mark to stop somebody else from registering it" is exactly like saying that "I stole it to keep somebody else from stealing it."

When you go into the subject further, you will find that they are not willing to assign the registration without being given a con-

sideration or contract. You may take it that where that is done it is not done with an honest intent, unless the agent abroad writes in and says that he is willing to assign that trade mark to him.

The only safe course to avoid this kind of condition arising in these foreign countries is to take advantage of the laws in those countries which are very liberal. If you are the first man to register that trade mark, they give you that power of confiscation and fines. If the American manufacturer is not willing to take advantage of those laws, he is really to blame more than the laws are, because the laws are not fundamentally bad—they lend themselves to this abuse because the American man is not sufficiently interested to go in and protect his own property.

I will give you some example of this abuse by reading to you some of the names of companies that have had trade marks stolen in a country like Cuba: Renault, Kelly-Springfield, Mercer, Moon, Republic, Pierce-Arrow, Mohawk tires, Knabe, Ampico pianos, Velvet and Lucky Strike tobacco, Goldwyn pictures, Beaver Board. Those are all companies that to-day have thoroughly realized the situation, and the way to realize that was to find out some day that they didn't have the use of their trade mark in that country and couldn't do business there.

It is going to be necessary to lay a foundation for the protection of that trade mark. The money that a man pays for government fees to have those trade marks registered is the insurance policy on the good will of his business, and it is worth while. And as I have worked the thing out, it is not a big expense as at first seems the case. Actually speaking, a trade mark registration—the life of a trade mark in these countries is sometimes as high as twenty years, others ten, others indefinitely long, but generally speaking, fifteen years—if you regard the money you pay for trade mark protection, you will find, taking the whole world throughout, the average is \$6.00 per country per annum, and I think that is a cheap rate of insurance when you figure the theft of a trade mark in a country may cost you thousands of dollars in loss of business through not being able to go into that country under your own name.

Quite a number of the obstacles to the registration of trade marks in foreign countries have been recently swept away. Congress has awakened to the situation and has passed a law within the last five years which makes it easier for Americans to secure

trade mark registrations. The United States Patent Office had so many rules and regulations to stop you from registering a trade mark that one came to the conclusion that it was to prevent him rather than to assist him in registering his trade mark. That has been changed recently.

There were so many trade marks stolen in a country like Cuba that they passed a law down there under which any man can register his trade mark provided he has been in business one year. If you have used your trade mark in this country for one year, you can now register it in Washington, and I advise any man who hasn't registered his trade mark in Washington to take that matter up.

I want to say a word on the machinery of taking care of the registrations of these trade marks. It is important to be represented in foreign countries by high grade lawyers, and it is very bad to do business through advertising agencies and concerns which set out to advertise the taking out of these foreign trade marks, because the Latin-American lawyers of the cheaper classes are unscrupulous. A lawyer in Chile was recommended to me once by the Chilean Consul who told me he was a good lawyer. I communicated with him and he wrote back and said he would be delighted to do business with us, and he said, "I have seen a great number of Reo automobiles on the streets here and I see their trade mark is not registered, so I have registered it and I suggest that you now tell them I will let them have it for \$100." I wrote back to him and told him that we would not do business that way. That gives you an idea of the legal profession in that country and in the other countries, as well.

My concluding words are these—that there is only one way in which we can do business abroad, in all lines of export business, and that is by meeting the conditions which exist abroad; and that is true of trade marks as much as everything else one is doing in the export business. You should take advantage of the laws and succeed as the result of using the laws rather than by trying to succeed in spite of them. (Applause.)

CHAIRMAN BENTLEY: The next speaker is Mr. E. Wilhelmi Droosten of the Robbins & Myers Company, who will speak on the "Survey of New Markets."

METHODS OF SURVEYING NEW MARKETS

By E. WILHELMI DROOSTEN

The Robbins & Myers Company.

This subject is a broad one and a lot could be said. When I first began to travel in the foreign countries, I remember how I was received by the foreign buyers and the products I had to offer.

I first went to Cuba, Yucatan and Mexico in the interests of a firm of Leather Belt Manufacturers. I had only one thing to sell, and the business I got was not large. I found in these markets that Europe had the bulk of the trade, and we were not so well known or favorably thought of as we are today.

I next went to Japan, China, Straits Settlements, Java, Burma, India, Egypt, Italy, Switzerland, France and England, and on this trip I represented a number of leading manufacturers who are larger today than they were then.

In the Far Eastern countries, such as Japan, China and India, the trade was largely controlled by British firms. Germany, France and other European countries were also represented to a more or less extent, but we had but little trade except in some few specialties and most of this business was done through British and European-owned houses.

On many occasions, I was asked the question (principally by British Houses), "what do you Yankees expect to do with your Yankee notions in these markets." The orders I got were small, only for trial lots, and the buyers were suspicious. In offering Globe Valves and Sight Feed Lubricators they thought they were too light, and could not stand up to do the work required of them. I explained we had studied this in a practical and scientific way, and that we had put the metal only where it was needed; that the English and other European makes were heavy and had metal where it served no purpose; our prices were less and the goods better finished and just as strong. I got some orders for 1-12 of a dozen and 1-4 of a dozen, as a trial:—slow work, but after the Spanish War and after Admiral Dewey cleaned up Manila and we took Cuba, our foreign friends began to look up to us and respect us more, and we, in this country, began to develop more of the spirit of going after the foreign business.

Having devoted many years of study in actual work, during which time I traveled extensively in mostly all foreign countries representing a large variety of products manufactured and produced in our country, I feel I am about as familiar with the trade conditions in one part of the world as in another. The facilities for traveling and transportation have been greatly improved over what they were in the earlier days, and we have made vast strides in our development so that we should be able to get our share of foreign business and to increase it year by year, but in order to do this we must give service to our foreign customers.

Conditions are not the same as they were before the great World's War started in 1914. From that time to date many changes have taken place and conditions are anything but normal now, not only in this country but all over the world, so that in the development of our foreign business we are encountering, almost every day, some new condition that requires thought and study.

Business is not conducted the same in all foreign countries. It differs with the country, the people, their customs, habits, mode of living, requirements and conditions.

In the Spanish-speaking countries such as the South and Central American Republics, West Indies and Mexico, conditions are, in a way, similar, yet they differ. Each Republic has its own laws and customs. The way you would do business and the class of goods that would sell in the Argentine Republic may not apply to Peru or Guatemala. South Africa differs from South America. Australia and New Zealand differ from India; China is different from Japan. In Europe and the United Kingdom conditions vary; so that it is impossible to make one set rule which will operate in all foreign countries to the best advantage.

I could go into a lengthy discourse concerning these countries, giving you my views of the conditions as they exist, but time will not permit. There have been a great many books written, there are statistics, the Government issues daily Consular Reports, and there are a number of Export publications which treat on this subject that are interesting and worth while for you to note. Some of our large Banking Institutions are placing valuable information at your disposal on export matters, and Associations have been formed which are a great help to their members.

In the Far East, India is a country having about five hundred million people and covers about the same area as the United States.

Bombay, Calcutta, Madras and Karachi are the most important trade centers. There are other cities like Ahmedabad, Delhi, Poona, Allahabad, etc., which are large cities but are inland and not so important.

In Bombay, Calcutta, Madras and Karachi they have what they call the Bazaar. This is where the native merchants have their shops, most of which are small. The merchants sit in their shops surrounded by stocks of goods on the shelves, on the floor and sometimes hung from the ceiling, from which they deliver to customers who buy on the spot; in other words, a retail place. The larger merchants have in addition to this what they call a godown or warehouse where they carry surplus stock, from which they draw from time to time to keep their stocks in the retail establishments supplied.

The salesman who may represent one or more manufacturers, starts in to visit the different merchants, but he can make very little headway with them unless he has had a previous acquaintance or unless he first makes an arrangement with an Indent House. These houses, who do an Indent business, are usually foreign owned, with a European or American as manager; and they employ a native on their staff known as a Baboo, who is a man of some financial standing and an intimate knowledge of the different native merchants, and passes on their credits. He is a salesman and a shrewd business man, speaking English as well as his native tongue. The Indent House pays him a commission on all the business that comes through, and he also receives a commission from the merchants themselves. He is a very important man and quite frequently stands between the merchant, the indent house and the manufacturer in case of disputes or claims that are frequently made by the native indentors, for one reason or another. These native merchants are sharp, shrewd traders, and if they can get the best of a deal, they will, as they consider it is all in the day's work. Yet they appreciate a just and fair decision in the adjustment of any claims. In the Straits Settlements and China, this man is called a Compradore, and in Japan he is known as a Banto.

If your salesman makes his connection with an indent house, and the Baboo accompanies him into the Bazaar, he is then given an opportunity to display his samples, show his catalogs, quote his prices and talk up his line or lines. The orders he gets are turned over to the indent house by the Baboo. A number of these

merchants are called upon in this way each day, and if your salesman is successful he accumulates a number of orders which are forwarded to the home office of the indent house either in London, New York or Hamburg (as it was before the war), or through some export and commission house or forwarding concern in New York or some other city in this country, who in turn send the orders to the different manufacturers, or to the one manufacturer, if your salesman only represents one.

You then proceed to fill the order, or orders, as the case may be, and if they go through one of the export or commission houses or forwarding concerns in this country, the export and commission house or forwarding concern will pay you in accordance with the terms agreed upon. The goods go on one bill of lading, against which a draft is drawn on the indent house responsible for the orders.

When the goods are received at destination, the Indent House makes a distribution of the different parcels, obtaining their money from the native indentor; and in some instances their arrangements are such that the merchants pay cash for such goods as they withdraw from the indent house, until the whole lot has been taken; also credit is sometimes extended.

This class of business covers various kinds of merchandise such as, small hardware, nails, wire, screws, files, locks, clocks, cheap jewelry, edge tools, small machinery, boots and shoes, fittings, pipe, glassware, leather, stationery, drugs, patent medicines, etc.

There is another class of trade such as large department and general stores, contracting and engineering concerns, machinery houses, dry dock and shipbuilding concerns, mills, factories, foundries and machine shops, railways, etc. With these you can do business direct; but as a rule all these concerns have someone as a correspondent to whom they look to take care of their interests, either in Europe or the United States. Some of these concerns are large and responsible and prefer to deal direct with the manufacturer or producer, and where their purchases run large in any one particular line it is sometimes advisable for the manufacturer to do direct business with them; but with the native firms it is very much better for you to do your business through the export and commission houses or manufacturers' agents who have their own houses located in these trade centers with a staff of clerks and native salesmen.

Business in the Straits Settlements, Java, Burma, Ceylon, Siam, the Philippines, China and Japan, is conducted on about the same lines as for India, except that Japan has grown to be more of a manufacturing country than it used to be.

In the South American Republics and Spanish speaking countries, it is advisable not to be in a hurry, and in sending a representative to solicit business he should speak the language and be familiar with the lines he represents. If he is not already acquainted and your lines are not known, he must first become acquainted, as the buyers look upon you with suspicion from the start, and they quite frequently will not do any business until they have had an opportunity of visiting with you for some time and talking with you on any subject except that of business, watching every word you utter; in other words, sizing you up; and if, after a time, you have created a favorable impression, they will start to do business with you; and if your goods arrive all right and the representations you have made are truthful, you will have gotten the merchant's confidence. If, on the other hand, the salesman's promises and representations have not been complied with, and the goods shipped are not in accordance with what were represented, that manufacturer's business is practically ruined in that particular country and has a strong tendency to make a bad impression for all American goods. So if you are seeking foreign business, whether it is in India, Australia, Europe, or South America, you should be very careful in the selection of your representative, and should also be equally careful in the shipment of your goods to see that everything is done you have agreed to do, or that your representative has agreed should be done, even though it may show you a loss at the time; that is, if you are looking forward to increasing your business and getting future orders.

To introduce your line of goods successfully in the foreign countries you employ about the same methods as you do at home in your domestic business.

As an illustration, suppose you send a traveler into the Argentine Republic. His first stop is Buenos Aires, and after clearing himself through the customs and getting settled at his hotel, he should have a list prepared beforehand of the concerns that are interested in his line or lines. If he has not, he can call on one or more of the banks to whom he should have letters of introduction, or consult a trade directory, or both; also in making inquiries he can ascertain who the best concerns are.

The first concern he calls on may say to him, after he has been able to get an audience with the buyer, which sometimes takes time and a lot of patience, "we are handling a line of files, or paint, or whatever the line is the salesman has to offer, which is satisfactory to us and we have not the time, nor do we care to spend the money, to introduce to our customers a new line for which there is no demand. The quality of the goods we have been getting is satisfactory to our customers so we see no reason to change." He gets the same answer from all the other firms he calls on, or his prices may be higher than his competitors'; in other words, he is not able to interest anyone.

My advice would be to select the best concern you can and make that concern an inducement to take on your line; interest their salesmen and arrange to call on their customers; try to get orders for trial lots and turn the orders you get in to the dealer or concern whom you want to have represent your interests; distribute your advertising matter among the consumers; make some practical tests and demonstrations. This may take time. If your salesman is to be a resident in the country he may decide to sell a number of dealers instead of only arranging with one concern. This depends somewhat on your line and the conditions. If your salesman is the right sort he will be able to interest one or more buyers and get trial orders; and if you back him up in the right way, satisfactory results will follow. You must not stop when you get your goods sold to the dealer, but you must help him to sell and make your goods known throughout the territory your dealer or distributor covers.

In the next town your salesman visits he must do the same thing, and after he has covered the country once he will know more about the trade, but he must not expect to do it all on his first trip. There is an old saying that "the constant dropping of the water will wear away the hardest stone," in other words, keep at it and do not get discouraged.

Personality enters largely into the success of a salesman, and this is especially so with the Spanish-speaking countries as business is done largely on friendship.

The method of developing business so that it amounts to something worth while, may be at times discouraging to the salesman.

I remember once hearing a story about a salesman who, in offering an excuse to his firm as to the reason why he was not able

to get more business for them, stated that it was because there were so many other travelers ahead of him. The head of the firm said to him, "Did you ever stop to think of the number of travelers who are behind you?"

I know of a large manufacturing concern which was offered an order for a sample lot of their goods by one of the largest houses in Buenos Aires, but the manufacturer thought the order which was offered to him was too small. He thought this concern should place an order for at least a carload of their goods as in offering the small order they wanted to have a few minor changes made in the goods to meet the market's demand in the Argentine, stating that if the goods turned out satisfactorily and were acceptable to their trade, they would then place a large volume of business, but the manufacturer thought he did not care to bother with such a small order, and if the concern would not consider giving him an order, in the start, for a carload of his goods, he would prefer not to take the business.

So this concern took the matter up with another manufacturer who was willing to meet their views and accept the small order as a trial, with the result that the manufacturer who agreed to do this, although he was not as large as the manufacturer who had refused to take on the business in this way, received a very large volume of business from the Buenos Aires house, amounting to ten times the total annual foreign business of the manufacturer who had refused to entertain the small order. When it was brought to his attention and he found that one of his competitors was getting a large volume of business through this source, he then tried to take the matter up with the house that had offered them the business in the first place, only in a small way, stating he was willing now to supply them with any quantity and would meet any requirements they might wish to put before him; but it was too late, as the buyer of the Buenos Aires house stated that he was very well satisfied with the concern with whom he had started, and that he expected to continue with this concern so long as they could supply him.

In reciting this occurrence which came to my personal attention, I want to illustrate the fact that it is advisable for you, in looking forward to developing your business in a foreign market, not to refuse small orders, and, wherever the request is within reason, to meet the foreign buyer's requirements, to enable him to find out whether he can market your goods to advantage.

Developing a foreign business in machinery lines, agricultural implements, electric motors, generators, electric fans and supplies, locomotives, railway equipment and lines of that kind, the business is handled somewhat differently than that of files, paints, edge tools, small hardware, boots and shoes, drugs, fancy goods, notions, etc., but the same general principle applies.

On one trip I made to India, a native merchant with whom I had done a large volume of business, called at my hotel to see me shortly after my arrival in Bombay. He was wrapped in a heavy cashmere shawl which he had thrown about his shoulders, his arms folded under the shawl. He greeted me rather coldly, stating he had a claim which he expected me to settle. I immediately asked him what his claim was. He said, "Some of the leather belting your house sold me has separated in the laps and my customer has returned it to me so that I consider I have been damaged to the extent of 200 rupees (about \$60.00 U. S. Gold)." I at once told him I accepted his word, that I did not care to see the belting and would pay him the 200 rupees, which I did there and then. He immediately extended his hand and said, "We are friends, and will proceed to do business together. You have proven to me that you are an honest man." With this man and his house I did close on to One Hundred Thousand Dollars' worth of business. If I had quibbled about his claim and started in to doubt his word and afterwards given him one thousand rupees, I would not have made the friend I did by accepting his word and meeting his claim. I did, however, take the pains afterwards to investigate to find out whether the gentleman was telling the truth or not. He had a just claim; had it not been just, I would have known how to treat with him in the future. The allowance I made was more than made up by the business which followed.

The first question is, do you want export business, do you want to develop the foreign markets? If you do, then you must first prepare yourself to take care of it properly when you get it.

I am reminded of the story of a man who was down South in a small town waiting at a station for his train. In the station was a colored man and a dog. The dog was lying on the floor near the stove, when an express train passed through at a high rate of speed. The dog jumped up and shot out of the door down the track after the train like mad. After a while he returned, panting, all out of breath, and laid down again. The man turned to the colored man

and said, "Is that your dog?"; the colored man replied, "No, boss, dat's not my dog, but he is round here every day and when dat train comes along he runs out after it just as he did today and I often wonder, boss, what he would do with it if he really did catch it." If you want export business, go after it and get it; but if you do, you must be prepared to take care of it properly.

You study your domestic business, so must you study your export business; and in a way, it is similar to the business done in the different States of our country here at home. You should analyze each foreign country and find out if what you have to offer is saleable or not. You may have a product that will sell in one or more countries while in some of the others there would be no demand.

The matter of delivery is an important factor, as the foreign buyer is a long way from the source of supply. He has to figure, even at best, when he places an order, it takes two to six months before he can get his goods; and when it is a matter of a year before he receives them, which I have known to occur frequently, he is without the stock of goods he has figured on having, and this means a loss of business to him with his expenses going on just the same. So, if you want to build up a foreign trade, you should be particular that your export orders are given prompt attention and that prompt shipment is made. Also the packing of your goods should be carefully looked into so that they arrive in the best possible condition, and that no errors are made, as it takes a long time to rectify mistakes and they are bound to be expensive to someone, either you or the buyer.

If you fill your factory with a lot of domestic business which prevents you from giving your export orders the proper attention, and you neglect your foreign customers, giving your domestic business the preference, and you wait for a slack time in your home market and then decide to devote your attention to getting foreign business, then to try to get it quickly is impossible. It takes a long time to build up a foreign business, and you have to do everything you can to hold it so that it is there when you want it.

It depends largely upon the men you employ, an honest representation, and the fulfilment of your promises in giving full weights and maintaining the standard of your goods as they are represented to the foreign buyer, along with a give-and-take policy, always bearing in mind that the buyer has his side of the question as well as you, and that he appreciates you when you study his interests and

his welfare. If you give your foreign customers service, they appreciate this more than anything else; and when you do this, you can depend on holding their trade against all competition.

Do not attempt foreign trade unless you intend to make it a part of your business. Analyze your markets before you start, and your ability to do the business right. Do not look upon the foreign market as a secondary condition or a dumping ground for left-over or imperfect goods. If you make a start with a foreign customer, stay by him. England, Germany, France and Austria put in intelligent efforts to develop the big foreign trade they had, and you will have to do the same. The concerns in this country who have made a success of their domestic business owe it to a thorough knowledge of their home market conditions. They can make the same success in foreign fields if they plan as carefully. Educate your employees at the factory in the export business so that the different departments may become familiar with it and know how to take care of it intelligently, so they do not feel that there is some mystery about it, as many of them do. For this reason it is frequently sidetracked and domestic business, with which they are more familiar, is given the preference. To the man who has made a study of the export business, it is easy, as certain rules and conditions have to be complied with to the satisfaction of the foreign buyer. You can hold his business against competitors who come with lower prices and more attractive propositions because, as I have already stated, he realizes he is a long distance away from the market of supply, and if he is given the service so that he gets what he orders and within a reasonable time, and his goods arrive in good shape so he can go on with his business, he appreciates it and it is difficult for anyone to take his business away from you.

There are many different avenues you can employ to market your goods in the foreign countries, it depends on the class of goods and the countries you want to exploit, as to the best method to pursue. If your firm is large enough and conditions permit, establish your own agencies and branch offices in such foreign countries where you have found there is a market for your product. There are old and reliable export houses and foreign trade merchants who have branch offices equipped with salesmen and managers with whom working arrangements can be made to advantage. They know how to handle the business and usually are willing and prepared to finance the orders by paying cash in from 10 to 30 days

and assume for their own account all foreign credit risks. Or, you can send your own representatives to travel the territory you may wish to exploit. In doing this it is well to have a representative who speaks the language and knows your line but if you cannot get a man who knows the language and your line as well, then it is preferable to send the man who knows your line.

There are syndicate travelers who represent a number of concerns in one or more foreign countries but a syndicate traveler in order to be successful has to be a man of ability and untiring energy, and must guard against the tendency to take on too many lines as one man can do only so much and no more. Also these men are liable to be fitted to do good work on some lines while in others they fail completely.

There are certain foreign houses who have established branch offices in this country, either at New York or some one of the other large cities, like Boston, Philadelphia, Chicago, San Francisco, New Orleans, etc., with a staff to look after the buying, shipping and financing of their purchases, through whom you can market some of your goods.

You can also develop a foreign business by mail and carefully thought out advertising. It is advisable in corresponding with foreign buyers, to write them in their own language and wherever possible to send your catalogues and other advertising matter in the language of the country. The principal languages being English, Spanish, French, Portuguese and Italian. These five languages cover about all that is necessary.

Do not be too hasty in the selection of your agency arrangements. Know that they are in shape to handle your line and that they mean business, that they are going to push the sale of your goods and not tie you up to keep you out of the market, as is sometimes done, or tie yourselves up to some foreign representatives who claim they can do great things only to make a failure.

There are many ways employed in financing foreign orders. In England, France, Italy, Belgium, Greece, Russia, Austria, Germany, the Balkan States and the Near East, also the Scandinavian countries, Holland, Spain and Portugal, conditions at the present time are such, where currency is depreciated, that exchange is against buyer. How long this may last no one can tell. A more favorable condition, to my mind, can only be brought about in the countries where exchange is so much against them, by their getting in shape

to produce, so they can sell their goods to us and other foreign countries at a profit; and this, I think, is about the only thing that will fix the exchange at a more favorable rate. What these countries want is raw material and certain kinds of machinery to put them in shape to manufacture. They require credits extended to them on the actual necessities that we can supply, and I feel that we, in this country, should do all we can to help them. It is to our interest to do it, outside of any sentiment we might have in the matter, bearing in mind, however, that we will also have to meet them in competition which will grow more keen as time goes on.

Australia, New Zealand and South Africa are also affected by exchange as they are on the Pound Sterling basis, but in these countries the situation is somewhat different than in the European countries where the matter of exchange is an important factor. I would say that our prices are based on U. S. costs and that we should only endeavor to make a fair margin of profit on our goods sold to these countries; hence the absorption of any part of the exchange on our part would have the same effect as price reduction which would result in unprofitable transactions and produce an uneconomic situation. An advance in our prices sufficient to enable us to absorb the exchange would only tend to upset any effort on our part to stabilize our prices, since exchange is subject to constant fluctuations and our prices could not be adjusted to fluctuations. Advancing our prices a fixed amount and absorbing an amount of the exchange equal to the advance in price would offer no effective solution. Therefore, customers in these countries wishing to buy from us should purchase only their necessary and immediate requirements, and resell at prices which will cover the cost of goods, exchange and cost of doing business with a reasonable profit. This would also apply to Canada, our near neighbor, where exchange is against them.

The other countries such as the South American Republics, West Indies, Central American countries, India, China, Japan, Philippines, Dutch East Indies, Straits Settlements, Burmah, Ceylon, and the Hawaiian Islands, are not affected by exchange, at the time of writing this paper, which is April 10th, 1920.

Mexico has been in an unsettled condition for a long time; still they are buying from us, and with this country we can only treat with the conditions as we find them at the time of negotiations; until they get a stable government, I would not recommend any

business transactions unless cash is paid at the time of shipment or a satisfactory guarantee is given that payment will be made.

Egypt and Northern Africa should be good markets for us, and we should try to cultivate them more than we have.

In receiving payment for goods shipped into foreign countries, methods vary. There are two kinds of drafts to be drawn. One is a draft at sight, documents on payment, which means that the draft and documents are given up on payment only. This draft can also be drawn at ten, thirty, sixty, ninety or one hundred and twenty days' sight, documents on payment, in which event the draft lays with the Bank in the foreign port until the goods arrive. If they arrive earlier than the time under which the draft is drawn, the customer can take up his draft, get his documents and clear his goods through the customs. A time draft, documents on payment, gives the foreign customer time for his goods to arrive in port before he pays, and all it costs him for this accommodation is the interest charge, unless the drawer agrees to assume this at the time he sells his draft to the bank.

Another draft is drawn under the terms of documents on acceptance. This may be drawn at from three days' to six months' sight (usually, however, at 30, 60 or 90 days). A draft drawn under these terms means the documents are given up on acceptance and it is an open credit, as after the draft has been accepted it forms a note to be paid at maturity. If the draft is not paid after acceptance, the bank notifies you and it is usually protested in accordance with the law of the country and then it is a matter for you to start proceedings for collection.

Sometimes the customer is not in a position to pay when his draft becomes due and then an extension of time is asked, and when this happens the bank communicates with you, and on your request time is extended, if your credit rating warrants it. The question then comes up as to whether the interest is for the account of the drawee or drawer, but in almost every instance, unless there is some dispute over a shipment, the interest on an extended draft is for the account of the drawee.

There are also terms of open account where the customer's credit is known to be good; where these terms are given, the foreign buyer usually employs a forwarding concern who, after receiving the goods from you for the account of your customer, attends to the shipment, prepaying ocean freight, insurance premiums, expense of

consular documents and all charges necessary; all you need to do is to send your invoices in accordance with instructions and if you have extended thirty, sixty, or ninety days' open account the foreign customers usually remit by demand draft on New York.

Banks buying your drafts assume no responsibility; they merely stand between you and the buyer. They claim they have nothing to do with the transaction other than discounting your draft on your endorsement or name as maker; but when something goes wrong it is their custom to help you all they can and to extend to you every facility they may have, any expense in the matter being for your account. In buying your drafts they first consider your financial standing; and if it is not any too good, but morally good, then the bank is interested in the financial responsibility of the drawee, to strengthen the risk.

In many instances, credits are opened by the foreign buyers to cover orders they place. The terms of these credits vary. A confirmed credit without recourse means that your customer has established a credit in your favor against which you can draw a sight draft with full shipping documents attached, and under a credit of this kind it is frequently not necessary to draw any draft, merely present to the Bank your invoices with the shipping documents and the bank pays you, which closes the transaction.

A Banker's Negotiating Credit, sometimes called "An Authority to Pay," is a credit opened by your customer whereby he agrees with his bankers to retire your draft on him for whatever the amount of the credit may be, accompanied by a full set of shipping documents, at whatever time the credit states, thirty, sixty or ninety days, either documents on payment or on acceptance, but under a credit of this kind you are still liable to the Bank until your draft has been accepted and paid.

Quite frequently credits are opened called Unconfirmed Credits which can be cancelled at any time by your customer, and credits of this kind are unsatisfactory.

The banks have printed forms on which their credit advices are forwarded to you, and these forms stipulate the terms of credit, also the documents to accompany your draft. The documents usually required are your invoices, ocean bills of lading, and insurance certificates.

It should always be understood between your customer and yourselves, and between your Banker and yourselves, who is to

pay the bank interest and charges; but unless otherwise specified, the usual rule is that the foreign customer pays the exchange, interest and bank charges.

In presenting your drafts to the bank, write a letter of instructions and state whether or not your draft is to be presented to your customer, documents on payment or acceptance, also if the bank interest and charges are for his or your account, and briefly, any other conditions. Also at the same time write your customer advising him the name of the steamer on which shipment has been made and when the steamer sails and the bank through whom you have drawn, sending him copies of your invoices, copy of ocean bill of lading and a statement of how your draft has been made so that he may be prepared for his acceptance. Also the documents should go on the same steamer as the goods, or an earlier one if possible.

There are many concerns in foreign countries who are worthy of credit, and to whom it is safe to ship on from thirty, sixty to ninety days, and even as much as six months' time; but personally I do not advocate the extension of long credits. Ninety days, I think, should be long enough for any concern; yet European houses have been credited with giving long-time terms of payment, though I think to a great extent they have been overquoted in this. I feel that wherever you are willing to extend credit to your foreign customers it will be a great help in the development of your foreign business. Of course, it is a matter for you to establish a basis of credit with the firms to whom you want to sell, and which you can do by making inquiries through the proper sources. There are smaller concerns in the foreign countries with which there is a risk to extend credit, but this is so even at home in the domestic business.

Ocean freights and insurance rates are important items in considering the landed cost of our goods and you must bear in mind that the foreign buyer thinks only in the terms of "what will my goods cost me laid down at my place of business."

In all of the foreign countries in the world, there are not to exceed 250 important trade centers; and when you have covered these as thoroughly as you can, you have covered the foreign field. (Applause.)

CHAIRMAN BENTLEY: Before we open the meeting for general discussion, I would like to ask Mr. Alexander H. Holliday of

the Jones & Laughlin Steel Company, Pittsburgh, to lead the discussion on "Training Export Salesmen."

MR. HOLLIDAY: The suggestions I am making are intended primarily for those export salesmen whose work is carried on within the bounds of the United States, but it is hoped that the practices and principles indicated may fit in considerable measure salesmen located in foreign fields.

Export salesmanship differs in many respects from domestic salesmanship, but certain underlying qualities and methods of procedure are identical in both cases.

Those who have been trained in purely domestic salesmanship have largely encountered one general type of mind; that is, the American type. Given courteous demeanor, pleasing manner of approach, knowledge of the goods and confidence in the support of his house as regards good goods and good service, the salesman can adopt a very direct mode of speech and action. The same general qualities are necessary in export salesmanship, but it must be remembered that this brings the salesman into contact with many men of many minds; of many temperamental characteristics and of many forms of training which not infrequently jar upon the American salesman as being unlikeable and unreasonable. Therefore, it is quite necessary to size up the personality of the foreign buyer. This can be disregarded largely if the purchasers for foreign account are native Americans or have had training in American business methods; but it should always be remembered that even the American buyer for foreign account is representing his clients with their peculiar temperaments and ideas, and, therefore, due consideration must be given to this fact. However snappy the transaction may be with him, the chances are that he must pursue an entirely different method of dealing with his foreign client.

With these preliminary remarks, we shall pass into discussion of the general subject.

(1) SELECTION OF CUSTOMERS: It is quite as essential in foreign as in domestic trade that a newly found customer be of a type that will afford satisfaction in dealing with him hereafter. One will be confronted by the following types: First, the User who is seeking to make direct purchases from the Mill or Factory. Second, the duly authorized Buyer who represents a number of foreign clients whose orders he has to place. Third, the Export

Merchant who receives his quotations and makes them in turn to his customers with a sum added for profit and expenses. Fourth, the Broker who scours the market for material in behalf of export merchants who may in turn sell the ultimate user, or who may pass his deal through further intermediate parties. Fifth, the Speculator who, in the guise of agent for the ultimate consumer or the export merchant or broker, picks up lots of material which he offers broadcast to whomsoever will buy at the best price he can obtain, thereby disturbing the market. It is obvious that the seller's interests will be served best by making sales preferably to the user, authorized buyer or export merchant. It is always highly desirable that as few people as possible are involved in transactions in their entirety. This precaution eliminates in large measure the burdening of transactions and the collection of undue profits as the material sold passes from hand to hand. The manufacturer should always endeavor to place his product in the hands of the ultimate user at a figure reasonably approximating the mill or factory price with due allowance for transportation and handling costs. Again, this elimination process prevents mistakes, misunderstandings and misrepresentations always likely to be present when there are "too many cooks to spoil the broth."

(2) **MUTUAL CONFIDENCE:** It is a point frequently overlooked that the buyer is just as anxious and has as much right to know certain features regarding the seller as the seller has to know these and other features regarding the buyer. In consequence, the salesman whose business it is to ascertain the prospective customer's credit standing, scope and field of operations, method of doing business, facilities, etc., should be sufficiently well informed to assure the buyer of the financial stability of his house, and to acquaint him with the commodities or articles offered for sale; also where the producing industries are located, their extent, and in a general way the ability of the seller to carry out any agreement into which he might enter. This does not mean that inside facts are to be revealed, but there are certain features in connection with every manufacturing concern that are matters of common knowledge which the prospective buyer might obtain by open investigation. These facts and features, if presented attractively and frankly by the salesman, are always impressive.

(3) **DISTRIBUTION:** This topic falls into two classes, viz., distribution to countries and distribution to individuals. One of

the most attractive features in connection with the export trade is that it affords an outlet for production in so many different directions. It should be the aim of the salesman to give good attention, therefore, to distribution, avoiding sales of excessive tonnages or quantities to any one country when, without detriment to profit and general volume of trade, his house might distribute its product over a number of countries. There is always the possibility that a country buying heavily may suddenly stop purchasing, and if it has been especially favored at the expense of other countries, it follows that the latter will be found wanting when turned to as purchasing outlets. Again, the demand varies in different portions of the world. Political disturbances, crop failures, labor troubles, any one of a hundred causes may affect demand in any territory. Therefore, in selling, one should be careful to learn the country of destination and allow this to have its proper weight in his conclusions.

The same general principle will apply to sales to particular individuals or firms. While it is generally advisable to keep a back-log in the shape of distributors who operate on a large scale, it is nevertheless well to encourage a goodly number of smaller reputable customers. Then if the larger houses fall short, the effects will not be felt so disastrously as would otherwise be the case.

(4) METHODS OF MANUFACTURE: (The remarks under this head have especial reference to steel manufacturing. I shall leave you to make such application as may be feasible to the industries with which you are particularly concerned.) Steel products in the United States are much more completely standardized than in foreign countries. It is true that certain manufacturing countries abroad, notably Germany, have in each instance a considerable degree of standardization, differing, however from our own, with different sections and rolling-mill practice applying. Each of these countries generally has been willing to meet the special ideas and requirements of its customers, especially those in non-manufacturing countries. These latter may be buying from several common sources of supply, with the natural result that they can obtain practically any article they want made to fit their own notions. This has resulted in certain non-manufacturing countries demanding special shapes and other requirements that do not appeal to the American manufacturer. The latter operates on a highly standard-

ized basis and with mass production always in mind. He wishes to turn out the greatest possible amount of material from his mills with as little variety and as few particular requirements and hindrances as possible.

In view of the foregoing recited conditions, it becomes the duty as well as the opportunity of the salesman to convince the foreign client of the advantages of American practice. For instance, he may call attention to the fact that American methods lead first to standard accepted qualities and to uniformity in this regard year in and year out. The American product is prepared on scientific bases of quality and section to meet certain uses. Our sections tend toward simplicity in ordering, thereby avoiding misunderstandings. Other manufacturing operations, while sufficiently accurate for all reasonable purposes, are nevertheless conducted with an eye to tonnage. The result of these as well as many other features of the same general tenor, that might be mentioned, is that the American mills constitute very great bases of supply possessing ability readily to handle large volumes of orders at competitive prices. In presenting these points to one's prospective customer, it should always be borne in mind that the necessary requirements of his particular market may be of a character that do not enter into our domestic field. Take, for instance, the items of length and bundling. For transportation and other reasons, the requirements of certain foreign countries differ from our domestic practice. In the case of West Coast (South America) shipments, these must frequently be carried on the backs of animals over long, difficult mountain roads. In other countries where transportation facilities are lacking, men must carry these bundles. In still other cases where the material may be transferred en route several times, as frequently occurs, the weight, dimensions and strength of the packages constitute very important details. Before pressing your customer insistently, therefore, as to the advantages of American practice, first endeavor to ascertain his necessary requirements.

The Great War just ended, with America during that period as the chief source of steel supply to non-manufacturing countries, has had the effect of introducing our product into fields where it was perhaps never before known. This steel has been made and shipped according to methods and standards often differing from those with which the consumers previously had been familiar. The result has been that in countless cases the user found that Amer-

ican steel was better than that he had been accustomed to purchase theretofore. These remarks will apply equally well to other lines of manufacture. Do all you can to educate your customer to your point of view, but do it diplomatically and make very sure that his ideas are not unreasonable.

(5) **PRICES:** In selling domestically one is governed by the domestic market, but in selling abroad one should be governed by foreign markets. This latter is not always easy of determination. In fact, it is frequently quite difficult, but this is where salesmanship enters the field; for the salesman should make certain that he is not selling his wares for less figures than he might reasonably obtain. Our trade journals and those of other countries supply good information. Our Bureau of Foreign and Domestic Commerce issues literature daily of a valuable character and likewise has extensive files available for the public. It is the duty of the Export Sales Manager to collect this information from public and private sources and to impart it to those who are entrusted with the duty of selling.

(6) **REQUIREMENTS:** It is very essential that the salesman should have clearly before him the customer's exact requirements, viz., (a) The article required, under its trade name, (b) quantities, sizes, lengths, qualities, descriptive data and in many instances the use to which it is to be applied. The last mentioned is a particularly delicate and important point, especially in the export trade, as any laxity in this regard simply courts trouble.

(7) **THE QUOTATION:** The quotation should set forth quantity and description, price, delivery, terms and option, and just what the seller proposes to do in all respects. It is very important that the quotation should take nothing for granted, because there are many traps set for the unwary.

(8) **THE ORDER:** The order as presented to the mill or factory should be in very complete detail in all respects. It should set forth quantity and description, price, delivery, terms, marks, shipping instructions, insurance, and any data that might be of possible value in its execution. If letters of credit, railroad permits, etc., are to be supplied, these should be noted in the order.

IN GENERAL: If the foregoing procedure be observed, it will be found that Export Trade will present no insoluble difficulties. On the other hand, it will be found absorbingly interesting and

should afford an easy and most profitable amplification of our domestic trade. (Applause.)

CHAIRMAN BENTLEY: The meeting is now open for general discussion.

MR. T. W. VAN SCHOLACK (Koken Companies, St. Louis): I want to say just a word on the three subjects from experience. Taking the first, I am quite willing to turn over my domestic salesmen to my sales manager, but my foreign salesmen and the whole scheme of our foreign business is one of so much importance that it has always been held by our firm that some one at the head of the institution should look after it, and therefore, it has been my lot. I have personally gone into the field and surveyed the territory, and I have received, by so doing, the proper information I need and which would enable me not only to work with the distributory established in that territory but with the salesmen as well. I will know exactly what I want to lay the emphasis on. I will know the conditions under which the salesmen will work and the conditions of credits.

I am just back from a five months' trip on such a survey in the country of Peru. At one port there we had goods lying that had been there six months, not put through the customs house yet. It clearly and quickly indicated to me that I should establish a certain line of credit different from our regular, and therefore I established ninety-days invoice. Therefore, it seems to me that the export sales manager wants to know the salesmen and what is going on in the territory.

In the training of salesmen there is one thing that I want to emphasize, and that is this: before you send him out to do a lot of pre-trip work, aside from getting him thoroughly drilled in your own line, let me suggest that you drill him well in the history and the ideals of the country into which he is going, and get him thoroughly surrounded with the atmosphere of the country into which he is going. Add a little touch of romance to his work—it pays.

MR. THOMAS M. PATERSON (Mercantile National Bank, San Francisco): In the matter of training salesmen, the first thing they do in England is to get all the men when they are school boys, and put them into their main office in London in the accounting department; then they are put in the commodity department, specializing on one commodity, and after five or six months they are

sent to the Orient with a native who can speak the language. If the man wishes to be a rubber man, they send him to a rubber state and he gets the whole rubber industry pretty well in hand.

With regard to the trade mark piracy, take what happened in Japan. The Black and White whisky people had their name stolen and the Japanese sold not only Black and White whisky but Black and White tires, cigarettes, and a few other things. They got ten thousand pounds to fight the case in Japan, but they did not succeed. All they did was to, under the English law, prevent the Japanese from selling those goods in Singapore, and that's all they could do.

MR. T. W. VAN SCHOLACK: You didn't touch on the trade marks in Havana.

MR. LANGNER: There was a convention that I sat in some time ago which took in the North and South American countries. The countries represented at that convention were to be divided into two groups and they were to try to arrange to avoid this trade mark situation by establishing central offices which would take care of registrations. The northern group, consisting of seven North American countries, has been formed, and offices have been established in Havana, Cuba; but they are at the present time having difficulties in getting the different countries to approve of its regulations and until they have that approval, the office will not be able to secure in each of the countries in this union a registration of the American trade mark.

The main difficulty, as I understand it, is the fact that one government fee is supposed to take care of all of the countries. That is the interpretation which the Cuban office, which office is located in Havana, placed upon the convention; whereas, I have been given to understand that the different countries, outside of the United States and Cuba, feel their own government fees have to be paid. The result is that up to this time these regulations established have been approved only by Cuba and the United States, so far as I know, and until they have been approved by all of these countries, the working of the union will not be in force.

I am actually advising my clients who bring this question of the value of the Pan-American registration, along this line—if they haven't yet done business in these countries, or if their business is very small and the question of time element is not too important, I recommend them to take advantage of this union, and to

try it out and see what results they get. If they are doing business, I advise them not to rely upon a treaty but to take care of the amount in each country by complying with the law in that country.

MR. D. E. DELGADO (Eastman Kodak Company, Rochester): We have found no difficulty in educating or training young men to send them to our foreign branches, as well as to do our foreign work. At the present time, in our export department, we are meeting one afternoon a week, the sessions lasting two hours. During this time they take up the correspondence of the draft clerk, of the shipping clerk; and they talk of their different troubles and policies, and I sometimes attend the meetings to give a little information when needed.

Next, we are sending two men down to Buenos Aires to see how the business runs. They are turned into the office where they can do correspondence work.

We always make an effort not to overload our customers. Salesmen of ours sent to the South American countries are instructed not to get the most goods on hand but to get the most correct assortment possible without overstocking the customers. Eventually he will be a better customer if he buys an assortment than if he buys one thousand dozen of one commodity—we believe in assortment. We find that a $2\frac{3}{4} \times 3\frac{1}{4}$ will sell better in Mexico than it will in Peru, and the cameras that will sell in Japan and China will not sell in Peru. If a man writes to us eventually and asks for the other commodities, we hold the thing up until some of our salesmen can again visit the territory.

We belong to all the different bodies that supply commercial information, but we never extend credits until our salesmen visit the territory. In the matter of credits, one of our customers applied for ninety days' credit and we explained that there was no need for such an extended credit, and the bill was made payable in thirty days. The result was that they paid the bill in that time, they commenced to repeat orders, and we haven't lost a dollar in that transaction.

MR. JOHN L. DOBBINS (The Koster Co., San Francisco): A failure to recognize clearly the distinction between functions and responsibilities of the producer, exporter and banker, seems to me to be the base of a good many difficulties which have been encountered in some lines of foreign business.

The producer, including the manufacturer, is primarily inter-

ested and primarily concerned with the article which he produces and upon which he specializes, and his attempt to reach the foreign purchaser should always be accompanied by a close study of the conditions which the foreign purchaser must meet.

In pre-war days, the American manufacturer came in for a great deal of criticism in the Orient because of his failure to deliver goods in accordance with his contract, and that was due in many instances to the lack of understanding of the requirements of the Oriental purchasers. In this case, a mistake is sometimes made, in my opinion, in making sales directly to a purchaser in the Orient without making a careful study, which has already been commented upon, through an actual contact with the purchasers in the salesman's own territory, and a recognition of the peculiar conditions under which he imports.

One manufacturer cannot necessarily have the knowledge of the different import regulations of the many countries with which he may wish to deal, and that is the point in which the exporter must accept the responsibility of taking care of his contract with the manufacturer and at the same time protecting American interests in seeing that no contract is entered into with the foreign buyers that is not sufficiently lived up to.

CHAIRMAN BENTLEY: I think the committee is desirous of getting the records that come up in connection with the general topics. The three addresses do not naturally cover the entire field of our problems. In order that it may get into the records, I wish to submit briefly three points—

1—The problems particularly of manufacturers and exporters who are dealing with semi-perishable products.

The effects of the climate on the goods in transit or after arrival, goods crossing the equator, even if they come ultimately into a climate like ours, go through a serious condition and it's worth while to look into the effect of the climate on the products in transit, as well as the climate into which the products are going.

2—The inefficient cable communications at the present time to the Orient.

That is a very serious problem to exporters at the present time, when you realize that to get cable replies it requires two weeks' time, and you can readily realize the handicaps under which we are working. It is therefore desirable that all of you who are interested in trade, particularly export trade, should communicate

with your representatives in Congress and see that the bills which are now pending relating to the use of the Naval Radio be passed. The navy has the radio service, as you know, and the bills now pending provide for the use of the radio for news as well as for a limited amount of commercial service.

3—A point which was touched upon in Mr. Dobbins' address, that salesmen should be familiar with products other than their own.

There has been a fine spirit built up, I think, among American men abroad, particularly in the Orient, and I think they do not hesitate to boost another line of goods that they know something about if it comes from their native land. It is highly desirable that this spirit should be encouraged and that they should have patriotism and loyalty.

Another problem is the high import duties and custom house charges. Bear in mind that this country is passing through the period when its exports consist largely of basic or raw materials. We are coming to a point where countries must export their goods if we are to continue to prosper, but on the products produced in this country, the import duties when we ship to other countries are so high as to make it practically impossible to ship them there. I say impossible, when I realize that on certain products the import duties amount to four and five times the value of the goods, and you can see there is no opportunity for the development of business under those conditions.

To give an illustration with regard to the Latin-American countries, particularly on the line in which I happen to be interested, the import duties amount in Brazil, on canned salmon, to over 350%; in Argentina they are almost as high on salmon and even higher on other lines of canned foods.

I am using those as illustrations of other industries because others are suffering under similar conditions. The facts are that Argentina and Brazil are shipping practically all of their products into this country without duty; they have a large credit balance in favor of their country, and in spite of those conditions, we are unable to ship American products into those countries without paying excessive import duty.

Briefly, then, the points I would leave with you are—the question of cable service, the question of the effects of the climate on the goods in transit and after arrival; the fellowship among the

American salesmen abroad, boosting American products; and finally, the success of securing reasonable tariffs on American canned products when the products of those same countries are admitted into this country practically free from duty.

MR. LEWIS F. GORDON (McGraw-Hill Corporation, New York): I am particularly interested in the merchandising of machinery and equipment, and in my particular capacity I come in contact with a great many firms and export managers. The brief mention made of the necessity on the part of the salesmen, or the advisability of the salesmen becoming acquainted with products other than their own, brought to my mind an experience which I heard of in motor manufacturers who had sent two salesmen into South America, primarily to sell motors.

These men were pretty keen-witted American chaps who were interested not only in the sale of their motors but also in machinery and equipment with which their motors were used, and as a result of their study of that machinery and equipment, they completely revolutionized their selling practice and instead of trying to sell their motors direct in South America, they began studying the various types of machinery and equipment which they found in the industrial plants down there. They discovered that in many instances an American manufacturer had sent down a machine which had been hitched up to a British, French or German motor. The electrical standards of Great Britain, France or Germany are entirely different from American standards, and the result was that in many instances the American machinery did not synchronize at all to the motor to which it had been attached. The executives in the plant instead of blaming it on to the motor were blaming it on to the American machine, with the result that these salesmen simply went through plant after plant, noting the machinery, the name of the American manufacturer, the conditions under which the machinery was operated, and came back to the United States, told the American manufacturer just where he had sold his machine (which was verified by the records), and told him exactly the conditions under which his machine was operating down there, and brought to his attention the fact that he was losing his reputation due to a British, French or German motor, and promptly sold to that man not only a motor for that particular machine but many motors for all the machines he would send thereafter, enabling that man to send to the South American country a complete unit.

Many men here, no doubt, have products used in connection with another type of product, a complementary product, and it seems to me that that same principle might be well applied in the merchandising of their particular product, thinking also of the other type of products to which it fits in and perhaps getting together with that manufacturer, working out a plan whereby they will send down a complete synchronizing unit to the particular country in which they are merchandising their products.

Another example of that particular type of work was a carbon company with which I came in contact. I think there are many products which can be sold in this country and abroad more extensively by that kind of getting together. This particular case was of a manufacturer of carbon brushes, who felt that he could not sell his product abroad because of the fact that it could not be advertised or sold as a staple article.

For the benefit of those who are not technical, I might say that carbon brushes are made to specification for individual manufacturer's motors, and while one brush may be made for one manufacturer, it would not fit a similar motor of another manufacturer.

I got together with this manufacturer and discovered that one of his other products, a staple product, was being sold widely through the Latin-American countries and he had distributing centers in those countries. I outlined a plan for him whereby he could begin interesting press advertising, creating copy for his particular product, these carbon brushes, and then give his domestic salesmen copies of that advertising. They went around to the domestic motor manufacturers and explained the situation which they already knew, that in the event of a set of carbon brushes burning out on his particular motor, in Buenos Aires, for instance, the customer would send in for a duplicate set. He, in turn, would have to send to some carbon manufacturer and get a set and send them back to the customer in Buenos Aires, which would involve him into a long, tedious, unprofitable transaction. Instead of doing that, he bought the brushes from the American manufacturer, put them on his motors and the American brush manufacturer at once sent duplicate sets to the various distributors in Latin-America.

These advertisements, at the same time, stated that that particular kind of John Smith motors and duplicate sets might be obtained at the distributing stations in Latin-America. In other words, he co-operated with the Latin-American agents.

I offer those as object lessons of the way manufacturers can get together to sell units abroad where they have complementary products.

CHAIRMAN BENTLEY: The meeting stands adjourned.

ADJOURNMENT.

GROUP THIRTEEN

WEBB LAW IN OPERATION

Friday, May 14, 2:30 P. M.

Civic Auditorium

The session was called to order by Mr. H. C. Lewis, National Paper and Type Co., presiding.

CHAIRMAN LEWIS: The Webb Law is in operation and known to some extent. The struggle for it is over. We may now want to consider amendments to the law, and most of the papers to-day suggest that. Our future efforts probably will be for additional provisions under it. The law as it stands is of value to many large manufacturing corporations and those handling raw material. For a broad merchandising policy, however, it is not perfectly effective. We should have the right, I think, to do some shipping; we should have the right to buy foreign goods in payment of our own goods which we sell, and I believe it a proper policy to give us the right to buy goods in other countries, making us broad merchandizing concerns rather than narrowly limiting us to American goods. I think that when we can bring the matter fully before Congress those additional privileges will be given us. I am referring in this simply to concerns organized under the Webb Law. It is a fact that the law as it stands to-day handicaps those operating under it as against their foreign competitor. Their foreign competitor can do all of the things I have referred to, while we can not. They therefore have a distinct advantage over us, and that is one of the things we have got to succeed in getting rid of. If we operate under this law (and many concerns, as you know, do not; most of them do not as yet), we have to consider lawyers, the Federal Trade Commission and the Supreme Court. I have high respect for all. Generally I like to avoid all in our business, if we can. Our competitor does not have to consider them. The Federal Trade Commission has the most liberal spirit in the operation of the law. It knows its limitations. It would like to go beyond the letter, but it cannot. It has supervision over us. Our competi-

tors are not so supervised. Many of us have had to get various legal opinions as to whether we could operate or not and what we could do, and the Supreme Court has not yet passed upon certain uncertain conditions in the bill. I would like to have them do it, but I don't want to pay the expense. I think as a result of this meeting and of the papers and discussion, if any, we will recommend additions to the law. Meanwhile we can say it is in operation and has been effective to a considerable degree.

I regret to say that Mr. Thompson of the Federal Trade Commission was unable to be present, but he has prepared a careful paper, portions of which will be read by Father E. A. Walsh, who is here.

REV. EDMUND A. WALSH (Regent, School of Foreign Service, Georgetown University, Washington, D. C.): Commissioner Thompson, as your chairman has indicated, was unavoidably delayed in Washington, and before leaving the city I was requested by him to convey to you his regrets that press of business in connection with the Federal Trade Commission there detained him, and he asked me to present to you the following thoughts for your serious consideration:

WEBB LAW DEVELOPMENTS

By HON. HUSTON THOMPSON

Vice-Chairman, Federal Trade Commission

It is peculiarly fitting that you have selected this city for the occasion of the Seventh Annual Foreign Trade Convention. Its harbor, its view, and its extreme "Westness" fire the imagination and make a vibrant background for the subject we discuss.

Our production has been so speeded up and expanded that unless we would let our whole economic fabric go down we must carry our surplus to the waiting consumer of other nations.

How shall this be done, and at the same time quiet the domestic consumer who fears that competition in the foreign market will cause discrimination against the home consumer? This is the problem that confronts us. It was the problem that confronted Congress when it drafted the Webb-Pomerene Act. Congress answered it domestically speaking by reposing in the Federal Trade Commis-

sion powers of supervision and control over those wishing to export in combinations, and the regulation of competition between competitive units projecting their activities in foreign markets.

Whether the Webb-Pomerene Act shall serve as a successful vehicle by which we shall reach those foreign markets and obtain our fair share of their business depends in very great part on us. There is but one obstacle in the way; there is but one problem to meet. If we would solve it let us instead of attempting first to capture the business of the foreign markets, capture first and keep always the confidence of the people in those markets.

With China, as with many other countries of the Orient, our prosperity will be measured by their prosperity, and ours limited only in so far as we limit our service to them. We must insist that our business shall be done on a basis of mutual benefit to American and Chinese alike. Our attitude toward competitors of other nations in the foreign markets shall be one of friendly competition based upon price, quality, service, and efficiency. We shall expect to be accorded the same benefits resulting from such competition.

It was this conception and vision that President Wilson and our Congress had when the Webb-Pomerene law was enacted. Whatever may be said of this Act, it was passed by legislators who had high hopes that they were doing that which would benefit American business men, would not injure the domestic consumer, and would not exploit the foreign consumer.

It was the hope of the proponents of the bill that it would enable the small manufacturers and producers of America by combining and thereby saving prohibitive overhead expenses to get their goods into the foreign market where formerly they were unable to do so; that in cutting down the expenses of reaching the foreign market American exports could be sold in competition at a lower price, and thus benefit the foreign consumer. It was expected that the sections of the act giving control to the Federal Trade Commission, not only of the Webb-Pomerene combinations but all of the American exporters in foreign markets, and of their competitive methods in relation thereto, would result in regulating competition in the foreign market between American competitors, just as much as competition is regulated in our domestic market; that such regulation could only redound to the benefit of the home competitor in the foreign market or to the competitors of other nations. It was believed that full protection was given by the Act

to the domestic market from the possibility of exploitation through the supervision of the Federal Trade Commission.

The fears of the Congressional minority were bottomed on the idea that this law would mean the breaking down of the Sherman Act; that it would seriously injure domestic trade; that the Webb-Pomerene Associations might be used as a means of price fixing for domestic sales and that competition in domestic trade would be inevitably eliminated when those composing the Webb-Pomerene Associations gathered together and exchanged information for the purpose of forwarding their export business.

The law had hardly been enacted when criticisms from business men and organizations of other countries sounded the alarm. Attacks were hurled at the law from business in every corner of the globe. The press and business organizations of the Argentine, Great Britain, Australia, Sweden, Norway, Denmark, and other nations combining for the purpose of invading foreign markets, and also combining to purchase imports, criticised the Webb-Pomerene Act for permitting our industries to do in exporting just what they had been doing. In Great Britain alone there were over five hundred combinations in 1919. In Australia, where the criticism was particularly bitter, a Sydney correspondent of a London newspaper on February 14th, 1920, said:

"The wool-growers and wool-selling brokers of six states have formed a national wool council which is anticipated to speak with one voice for the Australian wool industry."

and Sir John Higgins is quoted as saying that

"wool-growers and wool brokers would never have such an opportunity again to create an organization which could virtually determine the selling price for their wool, and that, if they did unite, they could dictate the price of merino wool to the whole world."

It is strange that the foreign critics of the Act, who must have read it in a most cursory way, failed to take notice of that section which gives the Federal Trade Commission the power to prevent unfair competition among the American exporters and to follow through their transactions to culmination.

Though hostility to the law still prevails in Australia and other countries, it is pleasing to note that our Canadian cousins, having closely observed its effects, have stated their belief that the Webb-

Pomerene Act in due time will prove a factor in increasing the trade of the United States with their markets.

It will be noted that the criticisms aimed at the law do not come from foreign governments or consumers, but from foreign competitors. The officials of these governments have suddenly become awake to the same situation that confronted our Congress when drafting the Webb-Pomerene Act. In the effort of their manufacturers to push their foreign trade, these governments fear a danger to their domestic consumer. Their problem is well stated in the language of President Wilson in his address to Congress on December 5, 1916, when advocating this bill he said:

"We should clear away all legal obstacles and create a basis of undoubted law for building up our export trade—a law which will give freedom without permitting unregulated license."

In the parliaments of Great Britain, Argentina, the Netherlands, Sweden, Norway, and Denmark this dual problem is being debated. The only solution seems to them to point toward the creation of a body such as our Federal Trade Commission with regulatory control over their manufacturers in foreign trade. Canada, after an intimate study of our Commission, enacted a law similar to our Federal Trade Commission Act. Australia and New Zealand have already created bodies similar to the Federal Trade Commission, but no other nation has given any governmental body the authority to regulate the acts of its manufacturers and producers beyond its own shores. To America alone belongs the honor of being the first to take such an advanced step.

Such is the background in which the Webb-Pomerene Act has been making itself articulate. Such have been the fears at home and the hostile criticism abroad. For two years the law has been in existence. How far have the hopes and fears been realized? The answer would undoubtedly have been much more definite if times had been normal. Six months of its existence was covered by the fighting period, and eighteen months have elapsed since the Armistice. It is hard to imagine two years more abnormal.

The Commission has been proceeding with great care in the administration of the Act. It set up the machinery immediately upon the enactment of the law, and began an intensive study of the situation in the foreign markets, the attitude of foreign competitors, and the international problems confronting not only our own

nation but other nations. While action under the law is only in its infancy, already much of interest has come to light as revealed by the records and files of the Commission. Let them tell their story:

They appear to demonstrate that the criticism so often charged against our exporters of failing to cultivate and maintain permanent trade relations abroad and too often withdrawing from a particular foreign market as soon as more attractive opportunities present themselves at home or elsewhere, will not apply to associations operating under the Webb-Pomerene Act.

In several cases such export associations have made a close study of a particular foreign market through a special committee, or through an expert representative who went abroad for that purpose, and later, on the basis of such first-hand advice, either established permanent connections or concluded to keep out of the given market rather than take a speculative risk. If a far-sighted policy of this kind is followed generally in the future—and Webb-Pomerene law associations apparently lend themselves readily to such a plan—the export trade of the United States, as a whole, cannot fail to gain in prestige, and one of the fundamentals of success in foreign trade will be achieved.

Disregarding the concerns which for one reason or another did not qualify under the provisions of the Act, there are now forty-two which have filed their charters, articles of association, agreements, etc., with the Federal Trade Commission in compliance with the Export Trade Act.

A better picture can be formed of how the Act affects our national industrial life if we realize that these export associations comprise a total of 734 members, whose plants and factories, numbering about one thousand, are distributed over forty-six states of the Union. In the State of New York there are 118 plants, in Pennsylvania 87, Massachusetts 81. Along the Pacific Coast we find 15 plants in California, 62 in Washington, and 19 in Oregon. In the North Central States there are 35 in Illinois, 46 in Wisconsin, 29 in Minnesota, and 18 in Michigan. In the South there are 16 in Texas, 5 in Louisiana, and 10 in Florida.

The products and commodities exported by the different export associations are drawn from all sections of our country: From California go out lumber, hardware, chemicals, fertilizer, general merchandise; from Illinois, meats, evaporated milk, iron and steel,

lumber, distilled spirits; from Maryland, paper, canned foods, leather; from Massachusetts, textiles, paper, hardware, soda, pulp. Other commodities shipped from various states are copper, agricultural and textile machinery, building materials, cement, locomotives, webbing material, paints, varnishes, dyestuffs and tanning materials, phosphates, soap, and cereals, including wheat and corn products.

The individual members of the associations constitute small and large concerns, some with as small a capital as \$10,000, and employing but a small number of workmen. In some of the larger plants thousands of American workmen are employed.

Viewing the situation as a whole, therefore, we see the effects of this new trade machinery reaching out into every part of our country, opening up new arteries of commerce, stimulating industrial life, and above all, helping to promote our export trade.

In order to procure first-hand information as to the actual functioning of the Webb-Pomerene law, the Federal Trade Commission some time ago sent out a questionnaire to the various export associations which had filed papers with the Commission up to that time. Among other things the Commission requested an expression of opinion as to the conditions met, the obstacles encountered, and the success experienced by the individual associations. The replies received, for the most part, expressed satisfaction over the results obtained under the law.

One concern wrote as follows:

"The present system of selling for export is a great step in advance over the old method and will eliminate a lot of useless expense and duplication of effort."

Another association wrote:

"In our opinion, the Webb-Pomerene Act has made feel satisfied with progress so far, when proper consideration is given to the numerous difficulties which have been encountered to date. We are hopeful that within a few months, conditions will again become normal, at which time the company hopes to greatly increase its business." Still another association answered:

"The association has been well received by our foreign customers and we have not met with any obstacles other than those presented by present economic conditions. We believe it will be a large factor in promoting our export trade in a satisfactory manner."

An association which exports to twenty different countries stated:

"In our opinion, the Webb-Pomerene Act has made possible the creation of beneficial export conditions, and further, stimulated a wide interest in this country in exports, serving as an incentive to establish new export channels as well as increase the scope of existing channels."

A Southern association wrote:

"We have progressed far enough to know that the operation of our companies in an association under the Webb law is working satisfactorily."

An association which handles non-competitive goods said:

"We have found that the fact that one concern is able to supply everything necessary for the equipment of a modern . . . is an advantage in the handling of foreign sales."

An association which exports a certain kind of wood product outlined its experience as follows:

"We have progressed far enough with the conduct of the business of the association to feel very much encouraged over the results obtained. Our system for conducting business abroad is working out very satisfactorily and we are very pleased to state is meeting with the hearty approval of the foreign customers. As for the association members, they all seem to feel that they have strengthened their position for the meeting of foreign competition and have derived tangible benefits through the direct agency of the association."

From the legal point of view the Webb-Pomerene Act presents a number of important problems, some entirely novel in the history of commercial legislation. In dealing with them one should bear in mind: (1) the difficulty of framing legislation on as changing and elusive a subject as foreign trade, and (2) that with the Webb-Pomerene law Congress ventured on an uncharted sea.

The questionnaire brought out some interesting facts which have primarily a legal bearing. Of these the outstanding one centers around the question of whether or not it is lawful under the Webb-Pomerene law for an export association to ship goods to the Philippine Islands, Porto Rico, and Hawaii. It has been contended that from the practical business man's point of view trade

with the Philippines is looked upon as export trade, since it involves over-seas shipment, special packing, bills of lading, marine insurance, foreign landing arrangements, etc.

Business with the Philippines, it is alleged, required a knowledge of the Philippine tariff and the carrying on of correspondence in a foreign language.

Ordinarily, all matters of that kind relating to export shipments are handled through the central sales organization of export associations. In view of the fact, however, that certain associations have been advised by their counsel that business with the Philippines might be considered as domestic trade under the Webb-Pomerene law, such business is handled separately from the export business. Such segregation means a duplication of office staff and extra expense. Thus far five associations have expressed a desire for clarification of this matter, and all seem to agree that from the technical business viewpoint, trade with the Philippines should be considered export trade under the terms of the Webb-Pomerene Act.

The legal difficulty in the whole matter arises out of the provisions of the Webb-Pomerene law, which defines the term "export trade," as used in that Act, as meaning "solely trade or commerce in goods, wares, or merchandise exported, or in the course of being exported from the United States or any Territory thereof *to any foreign nation.*" The decisions of our courts seem to agree that the Philippines and Porto Rico are not foreign nations. Consequently trade by an export association from the United States to the Philippines and Porto Rico would seem not to be "export trade," as that term is used in the Webb-Pomerene law.

Furthermore, the weight of the court decisions seems to be to the effect that the Philippines and Porto Rico are territories of the United States. As matters stand, therefore, it appears that there is no provision in the Webb-Pomerene law which would allow export associations to ship goods to the Philippine Islands or to Porto Rico from the United States.

Section 10 of the Philippine Act provides that trade between the Philippine Islands and the United States shall continue to be governed by Congress. It is then a matter within the province of our legislative body to say how the Philippines shall be regarded.

A second legal problem brought out by the questionnaire involves the question of whether or not export associations may im-

port goods into the United States. This question resolves itself into several distinct propositions. What I shall say in regard to this is my personal view only.

The consensus of opinion among lawyers who have expressed themselves to me on the subject is to the effect that, as the Webb-Pomerene law stands now, associations can not engage in import trade as that term is currently used. The Act explicitly provides that it exempts from the Sherman law "an association entered into for the *sole* purpose of engaging in export trade and actually engaged *solely* in such export trade." It furthermore defines the term "export trade" to mean "solely trade or commerce . . . exported . . . from the United States . . . to any foreign nation. The legislative intent was brought out in unmistakable language during the debates on the Webb-Pomerene bill. Congressman Webb, author of the bill in the House, and others plainly stated that the bill was confined to export and that export cannot mean import. The same gentleman also remarked in the course of the debates that "some think that we should allow the buying agencies for import trade, but this bill does not permit such, but only agencies or associations to engage *solely* in export trade." This situation appears to be generally understood now.

However, the economic changes resulting from the world war and incident to our present period of reconstruction have created entirely new conditions and situations in world trade. Barter has partly supplanted the customary media of exchange, and payment in the form of gold or silver for export shipments is not always possible. In Switzerland a quasi-official barter office has been in operation for many months for the purpose of facilitating trade with foreign countries. A situation may arise where in view of the unstabilized financial conditions an export association would be confronted by the alternative of receiving payment in the form of raw materials or manufactured products or of suffering financial loss. It has been contended that the acceptance of such commodities in payment and the bringing of the same into the United States would constitute a necessary incident to the export transaction and a legitimate means of closing the same. It is assumed all the time, of course, that no restraint of trade, unfair competition, or price manipulation, would be involved, for otherwise Section 73 of the Wilson Tariff Act of 1894, which prohibits imports under those conditions, would apply.

In justification of such a transaction, it has been argued that the export association would be acting primarily as a seller and not as a buyer or importer, and that its bringing into the country of goods acquired through barter would no more constitute ordinary importing than would the bringing back by mail or express of payment in the form of gold, silver, or other money instruments.

Granting for the sake of argument its justification because of the emergency, we are confronted with a difficulty under the provision of the Webb-Pomerene Act, which states that "export trade" shall not be deemed to include the production, manufacture, *or selling for consumption or for resale, within the United States.*

A third problem presents itself in the following form, viz., what to do with goods assembled in this country for export and not deliverable by the export association because the foreign buyer has cancelled the order, or for some other reason. May an export association, after all reasonable efforts to dispose of such goods abroad, or to some one else for export, have failed, sell them within the United States? It can readily be seen how a situation like this may arise, and involve a heavy loss unless the association can dispose of such goods left in its hands in this country.

The provision of the Act prohibiting selling for consumption or resale within the United States is worded so carefully that any attempt to enlarge its scope through liberal construction would probably not pass muster before our courts. The Judiciary and Interstate Commerce committees of the House and Senate, as is evident from the reports of their hearings on the Webb-Pomerene bill, gave very close study to the phraseology of the Act.

In the copious debates during the several sessions of Congress that the bill was under consideration, its various provisions were carefully gone into and considered from many points of view, with the result that a rather rigidly drawn statute was enacted.

It lies within the power of Congress to amend the Act, and until that branch of our Government sees fit to do so, a policy of widening the scope of the Act by administrative rulings and interpretation, extending beyond the obvious intendment of the language and its intent as expressed by its author, would not in my opinion be within the province of the Commission.

There have then been some positive results from the two years' trial of this law. It has made it possible for the small manufacturer and producer to get his surplus into the foreign market. It

has put the export business of this country functioning under this law upon a more economic basis. It has saved overhead expenses. Our manufacturers have been taught to cultivate a permanent market. Through the study of a prospective market it has prevented exporters from taking a speculative chance.

Thus far there have been no complaints brought to the notice of the Federal Trade Commission from foreign consumers against those operating under this law. The abnormal times have made it impossible to determine what effect sales through Webb-Pomerene Associations have had on the domestic market. The Commission under the authority granted to it by Section 4 to extend the powers granted under the Federal Trade Commission Act to competitors of our country engaged in export trade, who have not combined in a Webb-Pomerene Association, has already been a corrective force and influence in the matter of preventing unfair competition between such exporters.

As an American citizen and as a Commissioner of the Federal Trade Commission I shrink from using the words "unfair methods of competition" in connection with any of our business interests here or abroad. I rejoice as do my associates when I am able to vote to dismiss an application for a complaint by one competitor against another. However, the mandate of the law is upon the Commission, and when we have reason to believe that an unfair method of competition has been practiced there is no alternative but to respond with administrative action. I, nevertheless, think the time is coming when American industries, having discovered that the Federal Trade Commission is umpiring in the competitive game of business, will gladly refrain from acts which unregulated competition caused to arise in the past.

It is only fair to say that American export business submits itself to-day under the Webb-Pomerene Act just as our domestic business does under the Federal Trade Commission Act to the supervision of an arbiter on the matter of competition in a manner not required of the industries of any other nation; that to-day by the Webb-Pomerene Act we are the only nation which has empowered a Governmental department to stop unfair practices between our exporters, whether they be in China or South America or any other part of the world; that in view of this control of the actions of our business men in other countries, this law should be welcomed

as a boon to the consumers of the countries to which we export, and should not be feared by foreign competitors.

Since we have taken this step is it not proper that we should invite the other nations of the world to likewise supervise their exporters in their methods of competition. Until the other nations do so, the final great step in the reorganization of the world's business is likely to be delayed, i.e., the formation of an International Trade Commission by the nations of the world. It is a most hopeful sign that the Pan-American Financial Congress, lately convened in Washington, declared in favor of such an international trade commission for the Pan-American Republics. In inviting our friends to take this step, we hold out to them as our purpose and intent that which is so beautifully phrased in the speech of President Wilson, in his message to Congress on May 20, 1919, wherein he says:

"I believe that our business men, our merchants and our capitalists will have the vision to see that prosperity in one part of the world ministers to prosperity everywhere; that there is in a very true sense a solidarity of interest throughout the world of enterprise, and that our dealings with the countries that have need of our products and our money will teach them to deem us more than ever friends whose necessities we seek in the right way to serve." (Applause.)

CHAIRMAN LEWIS: Can you very briefly, Father Walsh, tell us of the work you are doing at the School and the book you are going to get out. I think the people here would like to know of that and where to get the book.

FATHER WALSH: Your chairman has touched on a collateral activity which is being carried on in Washington. The number of inquiries which have been coming into the Federal Trade Commission for rulings, for interpretation, for light, whether it be legal or economic, bearing on export combinations, have reached such volume that the Federal Trade Commission itself has felt embarrassed in a way. They hesitated to officially as yet file their definite decisions as you see from the tenor of the Commissioner's paper. For that reason at the law department of one of the Washington universities, a special course was organized in interpretation of this law under legal and economic auspices; and two professors were

assigned to prepare a thorough interpretation of this act. One of the professors being a professor in law, who consequently would view it from a lawyer's viewpoint; the other writer of the book, the joint collaborator, is an economist, one who would view it from the economic and business point of view. The manuscript of this book is finished, and it is at present in process of publication, though the publication is not ready; and we are not in a position to announce definitely where it may eventually be obtained and under what conditions. You will see that the whole attitude with regard to this act, since it has not yet been filed in the Supreme Court, is one of extreme caution; and that interpretation will take up every phrase, every word and every connotation of the act as it stands, and bring to bear on the act a great deal of economic information that has been gathered in Washington. (Applause.)

CHAIRMAN LEWIS: Very much obliged. The next paper is: "Webb Law in Operation," by E. J. Bartells, of the Wood Pipe Export Co.

THE WEBB LAW IN OPERATION

By E. J. BARTELLS

Manager Wood Pipe Export Company

Two years ago last month, April 10, 1918, the Congress of the United States passed a law entitled "An Act to promote the export trade and for other purposes," commonly known as the "Webb-Pomerene Law."

Two years is not a long time in the export trade and consequently a wealth of experience has hardly as yet been gained.

The subject of this paper is the "Webb Law in Operation" and is therefore a topic which can be more fully discoursed upon at some later date.

This law having been so recently placed upon our statute books gives small opportunity for retrospect. We may, however, take a look into the future and contemplate the possibilities of combining for export or foreign trade under the provisions of this Act.

The Law in operation presupposes the organization of certain combinations of competing manufacturers who are seeking by this means to take full advantage of the situation thus created.

Various types of organization may be effected. The particular one selected in any case should depend upon the conditions peculiar to the industry and on the objects to be attained.

Three types have been outlined which seem to meet all conditions. Briefly they are as follows:

TYPE NO. 1—THE INCORPORATED STOCK COMPANY

In this combination, the participating manufacturers subscribe to the stock of the corporation and are to all intents and purposes shareholders in the ordinary acceptance of the term.

The affairs of the corporation may be managed by a board of trustees in accordance with the by-laws duly adopted.

All sales are made through this company and orders are procured through or by it for the various stock-holding members.

The company undertakes the promotion and propaganda work and is the sole point of contact between the industry and its foreign trade.

This combination is recommended as giving promise of the most effective operation and of producing the best results.

TYPE NO. 2—SUBSIDIARY EXPORT COMPANIES

This type presupposes the organization of a subsidiary export corporation by each manufacturer and the forming of an association of export corporations for the purpose of agreeing upon prices, terms of credit, allotment of territory, etc.

Each subsidiary export company, however, carries on its own propaganda and maintains its own sales force, agencies and representatives.

TYPE NO. 3—TENTATIVE ASSOCIATION

This type is a tentative association, organized for the investigation of foreign fields, and is the forerunner of such an organization as Type No. 1 or No. 2.

The final decision as to permanent organization is reserved until a preliminary survey of the foreign market field has been completed.

You need not be reminded that the object of any or all of these

associations or combinations is exactly identical—*more business at a profit*.

In order, however, that this object may be attained, it is quite essential that the problem be attacked in a broad-minded manner, never losing sight for an instant of the fact that if your own foreign trade is to prosper, our foreign trade as a nation must necessarily grow in a corresponding degree.

That is to say, if the expectation of any industry is to be realized, the expectation of the country as a whole must also be realized.

We have heard a great deal, read a great deal, and some of us have talked a great deal, of the wonderful opportunities now at hand for developing the foreign trade of the United States.

The American dollar is now quite widely accepted as the basis on which exchange must be calculated.

Our banking institutions are well equipped to assist in problems of finance and in extending credits where required.

We have waiting markets, we are acquiring a merchant marine, we have capacity for production, we have the raw materials, we have learned our lesson in foreign selling—that we cannot force the buyer to take what we want him to take, but we must, in a great many cases, sell him what he wants in the way he wants it, or some one else will. We have manufactured and sold in this country many articles which are as yet unheard of in many foreign lands, but which are easily adapted to many of their requirements; we have American ingenuity and resourcefulness, of which we are justly proud, to assist us when confronted with new problems.

What, then, do we need to make sure that our desire for a dominating position in World Commerce may be realized? The answer is “co-operation.”

Follow an order of goods from the time the first sales talk is made, or sales letter is written, to the time when the goods sold are in the possession of the purchaser and are paid for. Think for yourself of the successive steps to be taken and of the many parties that may be asked to co-operate in order that you may complete the sale.

We will assume, for the purpose of this paper, that full co-operation is had as between the various banking, commercial, and transportation agencies necessary to the transaction. There is still one factor which we are now asked to consider and to make use of

to the fullest extent: the co-operation of the United States Government through the Federal Trade Commission.

This body has been charged with the administration of this Law, to construe its many provisions and to promulgate from time to time recommendations to Congress for its modification or change.

On what will the Federal Trade Commission base its several decisions and where will it turn for information to assist it in the administration of the Law?

The question is answered by the Commission itself in a pamphlet recently issued on this Act. I quote as follows:

"The Commission's investigations of foreign conditions, practices, and combinations in foreign countries and its recommendations to Congress thereon will be greatly facilitated by American exporters keeping the Commission informed of their experiences and instances where their export business is restrained or injuriously affected by any matter or in any manner."

The Federal Trade Commission, by this statement, has placed a great responsibility upon the export associations and it should be gladly assumed and merited.

The question now arises as to how the American exporters can be of greatest assistance to the Commission in the promotion of our foreign trade as a nation. The answer to this question is "co-operation among the various Webb Law associations."

It is easy enough to make up combinations whose sole purpose is the development of business in the foreign field. It is another matter to get a group of manufacturers together and to convince them that they should forget, to some extent at least, their pride in their particular product in order that they may unite with others manufacturing similar products, for co-operation in foreign propaganda.

We find in this country a great many manufacturers who have developed trade-marked goods and hesitate to submerge their individuality in the foreign field, overlooking, entirely, the fact that the benefits of co-operative efforts far outweigh any particular advantage which the establishment of their trade-marks has given or may give them.

This Convention will be a success if it succeeds in pointing out the many advantages which are now offered by the Webb Law in operation, and establishing in the minds of those persons who are

now directing the various trade organizations, the benefit to be derived from co-operative exploitation of the foreign field in accordance with this Law.

American business has at times been hampered by reason of the fact that some governmental agencies have spent a great deal of the time in advising what could *not* be done, but on the other hand, very few suggestions were ever made pointing out what could be done.

The Federal Trade Commission now proposes to go hand in hand with the Webb Law associations and to point out as far as possible in advance the lines along which these associations should proceed.

In order that the Webb Law associations and the Federal Trade Commission may render each other the fullest assistance and that mutual confidence may be established, some means of direct contact must be provided.

I believe that we should have an association of Webb Law associations or an association of Webb Law association managers, the object of either being to place at the disposal of the Federal Trade Commission all the resources of the member associations and to avoid as far as possible delays and waste of time incident to the calling of large meetings or conventions, the dates of which must necessarily be far apart.

Such an organization could be closely knit, each Webb Law association having a delegate or other representative; an executive secretary should be appointed, and a central office maintained, through which the Federal Trade Commission may communicate with the Webb Law associations at a minimum of expense and in the shortest possible time. At the request of the Federal Trade Commission, or otherwise, the executive secretary could call meetings of the board of trustees. The further details of organization could be easily arranged for by a committee appointed for that purpose.

That the co-operation of such an organization would be welcomed by the Commission is evidenced by the following quotation from the pamphlet previously referred to

"The Commission is authorized by this law to make recommendations as to how export associations may conform their business to the law, and within its powers, it proposes to advance step by step in aid of the export needs of the country. It desires to constantly work in co-opera-

tion with those who form export associations and also with those who may consider themselves or the public in any way injuriously affected by the methods and practices of such associations."

The attitude of the Federal Trade Commission toward business and its policies in the administration of the Webb-Pomerene Law is strictly constructive.

The manufacturers in this country desiring to engage in export trade and to avail themselves of the provisions of this Act, should enter whole-heartedly into the fullest co-operation with the Federal Trade Commission.

If absolute frankness and straightforwardness is adopted as the watchword by all parties interested in the operation of the Webb Law, the United States will be placed in a dominating position in the world trade at no distant date.

In closing, I want to state that the Webb-Pomerene Law must be regarded as a notable instance of constructive legislation and that the Federal Trade Commission, whose duty it becomes to administer the law, has asked our assistance and has offered us a partnership with the United States Government in devising the best ways and means by which our foreign trade may be further developed and advanced. Never before has such an opportunity existed for us abroad.

Now that we have a law well adapted for American commercial expansion and an administrative body ready and eager to give the American manufacturer and merchant the full benefit of that law, the fault will be ours if we do not achieve a full measure of success. By co-operation, coupled with broad-mindedness, we cannot fail to reach the goal. (Applause.)

CHAIRMAN LEWIS: The next address is "Webb Law Association Management," by E. E. Judd, Manager, American Webbing Manufacturers' Export Co.

EXPORT MANAGEMENT UNDER THE WEBB-POMERENE ACT

By EDWIN E. JUDD

General Manager, American Webbing Mfrs. Export Corp.

Export management under the Webb-Pomerene Act involves, in addition to the ordinary complications faced by every export enterprise, certain problems peculiar to this type of organization. The formation of these consolidations has gone on more slowly than was anticipated when the Act was under contemplation, and at the time of the Chicago Convention I believe none of these consolidations was able to make any definite report of progress. While we are still in the development stage, a few of these combinations have become firmly enough established to demonstrate the practicability of coöperation under certain conditions at least. The experience of our corporation during the past year and a half has brought to light certain problems peculiar to this type of organization, and doubtless other combinations have had questions arise in connection with the interpretation of the Webb-Pomerene Act or the application of its principles to their own situation. The Act is not yet perfect, nor have all of its possibilities yet been demonstrated, so that it seems probable that more questions peculiar to our field are bound to arise for some time to come. It seems apparent that the interchange of experiences and opinions on these questions would be of sufficient value to the executives of these consolidations to warrant the formation at this time, of an organization to facilitate this interchange.

We are all of us interested in the expansion of this idea of joint effort in export trade; and an organization which would make our experiences available to others contemplating similar consolidations, could do a great deal in promoting this idea of coöperation. We have a common interest in maintaining the reputation of our type of export organization abroad, not only for integrity, but for efficiency; and the more we assist each other, the stronger our position in foreign markets will be.

Being under the control and supervision of the Federal Trade Commission, we have a common interest in the views of that body, and a need for a medium through which we may present to that

body, suggestions for the regulation of our type of business. We should offer to the Federal Trade Commission the coöperation of a forum in which the best thought on these problems may be developed by discussion and debate, and place the backing of the entire Webb-Pomerene body behind such reforms or changes in the application of the law as seem desirable to all of us.

Before going further into this matter of an organization of Webb Act managers, may I digress for a few minutes to review briefly the history of our own organization and to summarize some of the problems that have already arisen, and on which I am anxious to secure the view of my colleagues in this field. I feel that the present occasion calls for a report of progress from every export consolidation now in practical operation, as the National Foreign Trade Council was so largely instrumental in securing the passage of the Webb-Pomerene Act.

At previous conventions in our discussions of the potentialities of export consolidations, we developed for convenience of expression, certain type forms; and we considered the Act in its relations to groups of large manufacturers and groups of small producers, to unions of competitors, and joint-sales organizations of non-competing but related lines.

Our own consolidation falls first under the classification of combinations of relatively small manufacturers. The elastic webbing industry in the United States represents an invested capital estimated at around \$16,000,000, the largest single units involving a capital of, say, \$4,000,000. The seven manufacturers in our company, of whom two however are not makers of elastic webbing, represent about \$10,000,000; so that our company has the support of a very large proportion of the productive capacity of the United States in this class of products.

The five elastic webbing companies interested, are direct competitors of each other in the domestic market in certain lines, although each has certain lines peculiar to itself. The other two members of the corporation produce non-competitive but related articles, which sell to the same group of buyers. Our corporation, therefore, involves both the horizontal and the vertical types of consolidation.

The factors which led to the formation of the export company were periodical, and to a slight extent seasonal, inactivity in the domestic market; the necessity for holding together a specially

skilled group of workers; and a productive capacity in certain lines in excess of the normal domestic demand. It is a common saying in the industry that a nine-year cycle will hold three years of profitable business, three of breaking even, and three of depression. It is expected that the establishment of outlets in a widespread foreign field, with a consequent counter-balancing of conditions of prosperity and inactivity in the different countries, will act to offset periodical slackening of demand at home, and thus permit the holding together of our mill organization during periods of domestic depression; while trade with the Southern hemisphere is looked to to offset some such seasonal fluctuations as now exist.

The growing popularity of belts and the wane of the Congress type shoe in the United States, have created a condition of over-production in suspender web and shoe going which requires the seeking of new markets where "galluses" and elastic top shoes still hold the popular favor.

Several of the companies were doing a certain amount of export trade, but in only a few instances were they in direct contact with the foreign customer. This is an especially important feature, as the production of special orders to meet the requirements of fabricators of elastic webbing products is particularly desirable business. For any but the largest companies, the volume of foreign business in sight, however, was not great enough to warrant the maintenance of a special export organization; and for even the largest companies, the economies of operation through a central export organization were important.

Another factor not much discussed at the time of organization but which has been a great factor in the success of the export company, is the comprehensiveness of the line which the combination is able to offer. No one of the companies interested produces a complete range of elastic products, but acting together, they offer the foreign buyer everything from an elastic hat cord to the most complicated loom-shaped webs. The extent of the line not only draws customers to this central source of supply, but puts us in position to secure the services of the best agents in each market.

The matter of a central export selling organization was under discussion for more than two years before any definite action was taken; and then the American Mills Company, the Ansonia O. & C. Company, the George S. Colton Elastic Web Company, Conant, Houghton & Company, Inc., and Everlastik, Inc., united their ex-

port business under the name of the American Webbing Manufacturers' Export Corporation, which was incorporated under the laws of the State of New York in November, 1918. The Waterbury Buckle Company and the Sanford Narrow Fabric Company were admitted to the corporation shortly afterward. The new company started operations in January, 1919.

The export corporation is a joint stock company, capitalized at \$100,000, the stock being subscribed to by the constituent corporations, roughly in proportion to their size. Each stockholder has one member on the Board of Directors, and one vote, regardless of the amount of stock held. The conduct of the business is in the hands of the general manager, who has no connection with any of the constituent companies. For the assistance of the management and the direct supervision of the business, we have an Advisory Committee, consisting of the sales managers of four of the companies, which meets with the general manager once a week.

The export corporation is not designed as a profit-making organization, the profits on sales going directly to the individual companies. Basic export prices are fixed by the individual manufacturers, and the export company is allowed a fixed percentage on each sale, which is estimated to cover its cost of operation. Such profits as the company may show through economy of operation, are applied to the reserve fund, the by-laws providing that no dividends shall be paid until the reserve is equal to one-half the paid-in capital.

Each of the constituent companies then made a contract with the export company for the handling of all its export business, except trade with Canada, for a period of two years, in order to insure a fair trial of the plan. Canadian business is carried on by the individual companies through their domestic sales organizations. Under the present interpretation of the Webb Act, it is also necessary for the constituent companies to handle Porto Rican business individually, which is really a handicap to the Porto Rican buyer, who generally prefers to correspond in Spanish, and could be much more effectively served through the export company with its foreign language correspondents. This is one of the subjects which seems to merit further discussion by the companies organized under this Act.

The export company sells in its own name and under its own

trade mark, carries its own credits, and attends to its own financing, like any ordinary export company, except that its current liabilities are chiefly to its stockholders; and in times of restricted banking facilities like the present, it is able to pass the credit burden back to the constituent companies when necessary.

To take up now, some of the problems of management that have arisen with us, we have first, the selection of the line to be offered abroad. Each of the companies submitted a complete sample collection of its products, with prices and data as to construction, available productive capacity, and the relation thereto of domestic demand. The selection was then made by the management and the Advisory Committee. Non-competitive items being first set aside, it was found that most of the competitive items showed differences of patterns between the different mills. All of the staple patterns of each mill were therefore included, giving the foreign customer an extremely wide range from which to choose. In other cases, different mills made different qualities, so that the inclusion of all the numbers left us only the problem of adjusting export prices to maintain the proper ratio between the different qualities. We had left a small group of articles, all staples, in which the qualities produced by the different mills were identical, and the element of pattern was lacking. As no two mills weave in exactly the same fashion, however, the various webs showed individualities of finish, each of which might appeal to a different customer. We, therefore, assigned a single line number to all the webs of one quality, but designated each mill's product as a different finish. The price for that quality was made uniform by averaging the prices of the various producers.

Division of orders among the various mills on staple items is made very simple, as the pattern, quality, or finish selected by the customer automatically designates the mill to which the order is to be sent. When the selection of finish is left to the export company, the order is sent to the mill in position to make most prompt delivery.

On special orders calling for the making of a special quality or pattern, the sample to be reproduced is referred by the Advisory Committee to one of the mills equipped to produce that kind of goods. A counter sample is made and supplied to the export company, with full information as to its construction. This data is then sent to all the mills equipped to make such an article, for

estimates of cost and approximate delivery. The replies are reviewed by the Advisory Committee and the order placed in accordance with the Committee's decision. So far, it has been a matter of finding which mill could find available loom space for the order, rather than which was most entitled to the business, as the domestic demand has been so great that only a far-sighted regard for future business has kept the mills from refusing foreign business altogether.

When conditions become more normal, and the mills are anxious for export orders, we shall then have to put in operation a more elaborate plan for allocation of business. Such allocation will still be in the hands of the Advisory Committee, but its decisions will probably be guided by the proportion of idle shuttles in the different plants.

Taking care of foreign buyers in this period of tremendous home demand has been our greatest problem so far. The apportionment of a definite percentage of production for export is very difficult, as the line is constantly changing, small export orders must be run with domestic orders for economy of production, and the basic foreign demand for the different articles has yet to be determined by experience. We are still seeking the correct solution of this problem, and will welcome suggestions from other companies who may have worked out a plan that will offer us some suggestions.

We have also had brought to our attention the obscurity of the Webb-Pomerene Act as regards the manufacturing of articles solely for export by these export companies. Ours is purely a sales organization, and as such is empowered not only to sell the products of our own stockholders, but to purchase similar products in the domestic market, provided they are solely for export sale. On one occasion we were requested to have certain of our products partly made up for a foreign market, a form of fabrication for which none of our mills was equipped. We met this demand by contracting for the manufacture of these articles from our own materials, but it raised the question of whether or not we could establish a small factory in our own name if the demand develops in any considerable volume. The matter is still under consideration, and we should like to learn of any similar experiences on the part of other Webb Act consolidations.

If some means can be developed by which all of the Webb Act

managers can give each other the benefit of their experiences on these questions of export lines, allocation of orders, reservation of lines for export manufacturing, and the other questions that arise from time to time, I believe that the mutual benefit derived will more than repay the time and effort involved. Some of the other questions that occur to me at this time are the matter of importation of foreign goods in payment for exports, which is of particular importance under present conditions, and our status of trade with the Philippines and Hawaii.

As a basis for discussion of such a forum for our industry, I would suggest we take steps at this time to organize the Webb Act Managers' Club, membership to be open to the executives of all export consolidations of manufacturers and producers which come within the true meaning of the Webb-Pomerene Act. As these export companies are scattered throughout the country, provision should be made for establishing local groups and correspondent memberships for those who have no fellow members in the same locality. I believe it would be worth while to maintain a permanent secretary to keep the various groups and individual members in touch with each other. Through such a secretary each local group could report such of its discussions as seem likely to interest other members, and a digest of such reports could be sent out periodically to the entire organization.

On matters of general interest, such as subjects before the Federal Trade Commission, such a secretary could distribute referenda along the line of those now sent out by the Chamber of Commerce of the United States, and I believe that the opinions of the entire Webb-Pomerene group secured in this fashion, would have great weight with the Federal Trade Commission. (Applause.)

CHAIRMAN LEWIS: Mr. H. G. Herget, President, Pekin Cooperage Co., will speak of his knowledge and experience with the Webb Act, after which we will have a short discussion, or answer questions if it is desired. Personally I am as opposed to more Commissions as I am to more inquiries from the general government. They take our time and they take our money, and create a substantial burden on the average business man. I wish the general public knew what it costs us in expense every year to answer certain state and government inquiries and some of the work done

under commissions. However, the Federal Trade Commission might for a time be a decided help in getting Congress to act. I think if anything is done in the matter they should take in other than Webb Law organizations, because many might like to incorporate if they were granted further privileges. It may also be well to refer the matter to the National Foreign Trade Council or some other organization which would handle it well in Washington, because, as Father Walsh knows, it is very important to have the wording of your bill right, and it is not always done. It is a matter in which I have had some experience in overlooking certain points in bills which I have approved of and which I was afterwards sorry for. In the matter of manufacturing goods for export, it is my distinct understanding that you are not now allowed to do it under the Webb law. I really think we should have that privilege, although I did not dare speak of it before because it creates a new atmosphere which I am afraid would not be kindly taken by Congress.

MR. HERGET: Fortunately for him, the American manufacturer is more or less an optimist, and usually all that he asks for is a fair field and no favors. Until the enactment of the Webb-Pomerene Act the American manufacturer, particularly the smaller ones who were not able to maintain foreign offices, were practically unable to enter foreign markets; they were not able to compete with the organizations of Europe, particularly the cartels of Germany; but under this Webb-Pomerene Act we are fortunate in being able to meet this competition. As our chairman has suggested, if the bill had a little more flexibility, permitting also the purchase or, if you will, the barter of merchandise, particularly at such times as we now are experiencing, I think the American manufacturer, were he permitted under this law to buy merchandise in exchange or to receive merchandise in exchange for his products, could vastly increase his sales. It is pleasing to note from the paper of the Hon. Huston Thompson, vice-chairman of the Federal Trade Commission, that this commission is in sympathy with the Webb-Pomerene Act, and I would gather from the paper that Father Walsh read that we may expect an enlargement of the scope of the act. I certainly hope that the Federal Trade Commission will take an interest in doing this. I wish to call attention to just a few pamphlets which may interest those who are really interested in knowing more of the Webb-Pomerene Act. I call

attention to the Export Trade Act, Discussion of and Practice and Procedure, published in 1919; The Report from Export Associations, due January 1, 1919; First Report from Export Associations due within 30 days after creation, and also list of concerns which have filed their annual report for 1920 with the Federal Trade Commission in connection with the Webb-Pomerene law, and concerns which have filed a statement since January 1, 1920. This information might be particularly interesting to those who are operating under this Act in becoming acquainted with other associations operating under the Webb law. (Applause.)

CHAIRMAN LEWIS: Is there any discussion or any questions?

MR. J. E. RHODES (Southern Pine Association, New Orleans): I would like to ask Mr. Judd what information he has, if any, regarding the suggestions which have been made by certain members of Congress for the revision of the Webb Law. I have heard something in the last couple of months in Washington regarding possible revisions.

MR. JUDD: I haven't kept in touch with those things in the last couple of months; getting ready to get away on this trip, I lost touch with the current activities along that line and I am not posted on it.

MR. RHODES: I would say, Mr. Chairman, that there have been some discussions and I think some serious consideration given to its revision by certain members of Congress, and it is a matter in which we are all very vitally interested, and we ought to take some action to follow it up.

CHAIRMAN LEWIS: I think action is being slowly taken. Congress is very busy, and does not have time to give careful attention.

MR. RHODES: It considerably alarmed the industry with which I am associated, inasmuch as we took advantage of the Webb Law after its final passage and organized four or five different selling agencies, and after having been encouraged to go into foreign markets in this way by the provisions of this bill we felt somewhat disturbed that now, after the price of our particular commodity has advanced since the Webb Law was enacted, the charge was made that possibly the existence of these export sales agencies had something to do with the increased price in the domestic market.

CHAIRMAN LEWIS: I doubt if you have any reason to be, don't you?

MR. RHODES: I do, yes.

CHAIRMAN LEWIS: It is one of the matters that every one has to consider now.

MR. WILCOX: I happen to be a merchant from Sidney, Australia. I dropped in because I was interested in the operation of the Webb Act, and in the paper which Father Walsh read it was reported that a very considerable discussion had taken place in Sidney, to which I belong, and that the opposition had been very strong to the Webb Act. Now it is very easy to misunderstand an Act when you are six or seven thousand miles away from it; and I am asking here, because I do not know if the impression which was abroad in the trade in Sidney at the time is correct, and that was that organizations would be created in Australia and elsewhere whereby American producers would be in a position to under-cut, or under-sell any other producers, say from Great Britain; and it was the prevailing impression that the agent, say in Sidney or Melbourne or elsewhere, would have the power to get the order practically at any price provided they got the order. Now, sir, it doesn't take much imagination on the part of any gentleman here to realize that when that impression was abroad there was very strong and bitter opposition to it; and you will realize that we were perfectly justified I think in our opposition provided of course that that idea had a sound foundation. Now, sir, I don't know. I was in no position to judge whether that idea was correct or not, but there are gentlemen here who can tell me; and I happen to have some sort of small influence down there, and I am in a position also to let it be known whether this fact is so or not, and if any gentleman can give me any light on the subject I shall be very, very glad.

MR. HERGET: Replying to the gentleman from Sidney, I wish to say that I have a copy of the Webb-Pomerene Act, also of the Edge Law, which fits in very nicely with the Webb Act, and I would be very glad to let you have that copy if you wish it.

FATHER WALSH: The intention of the bill, sir, it may be safely stated, was entirely from a different angle. The intention of the bill was largely to cut down the overhead expense, and to enable the American competitor not to under-sell but at least to compete on an equal basis with foreign sellers in a given territory; and the report prepared by Dr. Knox, the expert head of the Export Division of the Federal Trade Commission, goes largely into the historical problems of this bill; and I urge you before you go back

to obtain from the Federal Trade Commission (of which there is an office in the city) the report. If you will consult with the gentleman who is the representative of the Trade Commission here, you will find the whole history of the act and reasons; and you will find a very illuminating discussion of the German Cartel system by means of which the Germans were in the habit of doing precisely what the merchants of your town thought this bill was intended to do. On the contrary, this bill was introduced in order to give the American seller a chance to compete with the German who was under-selling and under-cutting the prices of local merchants. The intent was purely constructive, to enable fair competition, not with the local merchant of Sidney, we will say, but chiefly with such as were also cutting into the Sidney markets, or any other market; and you will find that the German competitive methods had a great deal to do with the frame of mind which led American merchants to ask Congress to pass this bill. It was a bill of self-protection against those who had such arrangements at home. If you will take this report, which I highly recommend to you, you will find the German government subsidized their agents and corporations, and allowed them to come into markets and under-sell, and the German government would level down the loss by allowing them in their home operations to sell high; the losses were then pooled, and you will see that in this way it was almost impossible for any other concern, such as an American corporation, which had to sell alone, to do business, because of the provisions of the statutes—the provisions of the regulatory Sherman anti-trust act, and others, by which he was not allowed to combine, as were the dozen German merchants in what was called a cartel. So I think you may feel perfectly assured in informing your fellow merchants that the action was purely constructive and to allow fair play, and by no means to under-sell or to antagonize local merchants.

MR. WILCOX: I am obliged to you. The information does shed a great deal of light. The act is only about two years old, I gather. Of course by that time the German competition had vanished; but evidently this law was the product of conditions which had been operating for a very considerable number of years, and possibly that time coming when it did, did not help us in the explanation of the real reason for the Act, and I shall be very glad to avail myself of the information which you have given me. Thank you.

FATHER WALSH: The Federal Trade Commission Office is 65 Appraisers Building. You will find a branch office there.

MR. J. J. SEID (Crown-Willamette Paper Co., San Francisco): I think Mr. Wilcox has gained the impression—or rather, the Australians have gained the impression—that the Webb-Pomerene Law provides that export associations may sell at prices lower than prevailing in the markets of the country of production, and that is in violation of the Anti-Dumping laws of Australia; and I think if he were assured that that was not the case he would take that information back to reassure the Australians.

FATHER WALSH: Not only that, but the Federal Trade Commission is empowered to pursue that corporation to the Australian soil, and if an unfair method is practised against non-members, American producers, or against the Australian merchant, the Trade Commission at home on complaint is empowered to discipline the corporation. In other words, its powers are not only upon domestic but upon the foreign selling as well; and a complaint may come to it from an American corporation or an Australian competitor, and the Commission is authorized by the law to apply disciplinary measures.

MR. WILCOX: May I ask this additional question. Assuming that an article is sold at a dollar a yard here, is it ever offered at less than that price by any of those combinations, say, in Australia or South Africa or anywhere else? Is that possible?

MR. JUDD: There is only one possible way, at least with us, that the product might be sold abroad at a lower price than at home, and that is if our cost of sales operation through the export company ever gets down below the selling cost in our domestic business; and the sales cost in our domestic business is such a small proportion that it would be a good many years before that could occur. At present our basic price for export and domestic is identical. The only case where they might possibly be sold abroad slightly cheaper—and in that case it would be an infinitesimal fraction—is in certain highly competitive articles at home where the cost of production is almost uniform in all of the mills, and the range of prices is so narrow that it is easy for us to average them and get a fair price in that way. That is only on those particularly competitive items that we cannot distinguish between one mill and another. We may have 5 cents low on the mill's price for one grade and 5 cents high on another, but we will average right through, and

the result is that the foreign buyer gets a lower price. We should say then that the foreign buyer buys under this condition at a lower price than he bought before because a lot of the middle men are cut out; but we do not sell at a lower price abroad than we sell at home.

CHAIRMAN LEWIS: Are there any further remarks? If not the meeting will stand adjourned.

ADJOURNMENT.

GROUP FOURTEEN

PACIFIC PROBLEMS

Friday, May 14, 2:30 P. M.

Civic Auditorium

The session was called to order by Mr. M. H. Houser, of Portland, Ore., presiding.

CHAIRMAN HOUSER: Ladies and Gentlemen: I have been honored, with my assistant here, with the privilege of presiding at this meeting. The subject, I presume you all know, is the "Problems of the Pacific," or *our* problems. Our opportunities here, as we all know, for development on the Pacific are so great that it would seem that our real problems are now how to take all the advantage possible of the opportunities we have here at our very door.

I think most of us heard Captain Dollar speak of the opportunities over in the Orient and how soon, with the movement westward, the center of commercial activity would be here on the Pacific Coast somewhere. He didn't say where, but we all have an idea. We don't care where it is, just so it is on the Pacific.

The millions that we have over there—it is almost impossible for us to come to an understanding of the earning capacity of those people. I remember once years ago when Mr. James J. Hill built the steamers *Minnesota* and *Dakota*, he said: "If every Oriental would eat one biscuit a day it would mean one of those steamers with a cargo a day." If each one ate an orange a day; if they had a house for every one hundred thousand over there, or whatever it might be, you can see what it would mean.

It only goes to show that with our location, if we can get the proper transportation for mail and the co-operation of all of us, our future would be assured. We are a long way from the seat of our Government out here on this Coast; we have heard our Chairman say that it is the purpose of this meeting to keep away from politics. I think that is a mighty fine thing. But after this meeting is over, when we go home, I don't think there is any reason why

every individual should not be the liveliest kind of a politician so as to bring home to our representatives, not as a gathering here, but as individuals, that we are up to what they might do; to get their ear and see that we are given the very best recognition we can possibly be given. I sometimes wonder if the business men don't urge these things themselves and get into politics, whether politics isn't going to get them.

Gentlemen, we have three papers here that are touching on the subjects which we have here. The first one of these is by Mr. John Foord of the American Asiatic Association, a representative of the organization which has done so much to promote trade between the peoples on the two sides of the Pacific. Mr. Foord is from New York; his subject is, "Commercial Intercourse with China. (Applause.)

COMMERCIAL INTERCOURSE WITH CHINA

By JOHN FOORD

Secretary, American Asiatic Association.

Before the American colonies achieved independence, they had next to no foreign trade. The mother country kept that as a perquisite for herself. But when the Revolutionary War was over and the colonies had set up for themselves, they began to look around for opportunities to exchange their products with those of foreign countries. This was the more necessary because, with the recognition of their independence, one door through which much profitable trade had come and gone was closed to them—the door of the West Indies—sister colonies before, foreign territory now. The British East Indies were also closed against American ships. The only door open to trade with China was held by the native "Hong" merchants of Canton; and the Spaniards and Portuguese, the Dutch and the English arrogated the exclusive right to trade with them. Ships had been about the only manufactured export of the colonies, more than one-third of the tonnage used in British commerce before the war being of American construction. But if the shipbuilding of the nascent republic was to be preserved, it was clearly necessary that the United States should have a foreign trade. It may be because tea had become an article of general

use, against the importation of which by way of England there were frugal as well as sentimental objections, that China became the objective point of the first foreign venture of American citizens after the conclusion of peace.

Some merchants of New York and Philadelphia, recognizing that the markets of America must have tea, purchased a ship, christened her *The Empress of China*, and fitted her out for a voyage to Canton. She sailed from New York on Washington's Birthday, 1784, less than three months after the British evacuation of the city, and arrived in Canton in August. It is true that, according to our ideas, *The Empress* was not much of a ship, being only 360 tons, carpenter's measurement. But she carried 9 officers and 34 men before the mast, and her purchase, equipment and navigation called for a capital investment of \$120,000. That was a sum equal to at least five times this amount to-day, and there was the glorious uncertainty of ever seeing a penny of it back again. The contemporary appliances for navigation were of the most primitive character. When Elias Hasket Derby's ship *The Grand Turk* of Salem, made her first voyage to the Cape of Good Hope, also in 1784, her sole navigating equipment is said to have consisted of a few erroneous maps and charts, a sextant, and a Guthrie's Grammar. Four years later the ship *Alliance* made a voyage to Canton with no charts, and with only a map of the then known world on Mercator's projection, and never dropped anchor from the time she left Philadelphia. The skill and boldness of American seamen were severely tested in these days, but they nobly stood the test.

The voyage of *The Empress of China* returned a clear profit of \$30,727, or a little more than 25 per cent on the capital employed, and no further difficulty was experienced in inducing American merchants to take risks in the China trade. Humble as were its beginnings, before the close of the eighteenth century the trade with Canton formed a larger part of our entire foreign commerce than does our trade with the whole of China to-day. After 1795, the Napoleonic Wars afforded a great opportunity to American shipping, and the only two flags much in evidence in Chinese waters were the English and the American—the English because England was mistress of the seas, and the American because neutral America was the friend of all, and, with a short interlude, 1812-14, the enemy of none.

With the advent of the American clipper ship in the ocean carrying trade in 1843, the old leisurely Asiatic voyage became a thing of the past. Until that time, a trader felt satisfied if he had made the outward voyage of fifteen thousand miles by way of the Cape of Good Hope in one hundred and fifty days, and came back, by way of Cape Horn, some seventeen thousand miles, in the same time. The new type of vessels was long, low and of good beam; she had very fine lines, and carried yards so square and spars so lofty that she set a greater spread of canvas in proportion to her tonnage than any ship that had ever sailed. How complete was the revolution that the American clipper ship effected in Asiatic trade may be surmised from the feat of the *Sovereign of the Seas* in making the voyage from Hongkong to New York in ninety days. Thus the clipper ship became the "ocean greyhound" of the fifties, and continued to hold its own even against the steamship until the screw propeller replaced the side wheel. Although the "Baltimore clippers" were promptly imitated and rivaled by the British shipbuilders, American vessels continued not only to bring their cargoes to the home markets, but also to carry spices, silks, teas, coffee, sugar and cotton to Europe. The process of driving them from the sea began with the raids of the Confederate cruisers, and from the trade with Asia they disappeared very early in the seventies.

Until 1825, American exports to China maintained an annual average of about \$5,000,000, and approximately equalled the value of the imports. The sudden fall in export values that took place after that year, and from which the trade did not recover for another thirty-three years, was mainly owing to the settlement of our specie balance with China in other ways than by the direct shipment of silver. In other words, the "goods" that accounted for our four million odd of shipments to Canton in 1825, and subsequent years, went largely in the form of the white metal. As our foreign commerce expanded, other countries paid for our merchandise by meeting part of the bills held by China against the merchants of the United States. This triangular trade is characteristic of American business with Asia to-day. Although our sales to the entire continent were \$703,667,000 last year, our purchases amounted to \$1,041,444,000. On the other hand, even before the war gave an abnormal expansion to our exports to Great Britain, there was an annual excess of exports to that country in our

favor of about \$300,000,000 which furnished us with the required margin to be used in paying for our imports from countries like British India and China to which we export less than the value of our imports.

Perhaps the most notable characteristic of our attitude after the Civil War toward all Asiatic commerce, was that of indifference. The days of maritime adventure were over and the proportion of our foreign trade carried in American bottoms had shrunk from 75 per cent to 11.7 per cent. This latter figure was reached in 1895 and as you all know in the fiscal year ending with June 30, 1914, there was only 9.7 per cent of the foreign trade of the United States carried in American bottoms. In the generation that followed our Civil War the gaze of the people was turned landward, instead of seaward as in the early days of the Republic. All the capital we could spare or borrow was devoted to internal development—to the construction of railroads, the opening of mines, the multiplication of factories and workshops. We are a good deal more interested in conserving the home markets than in finding markets for our surplus products abroad. In fact, the products we had to spare sold themselves, being mostly articles of food and the raw materials of manufacture of which the great industrial nations of Europe stood in need to enable them to supply the markets of Asia and whatever other parts of the world were open to them. So it happened that the China trade, which had been the nursery of some of our great American fortunes in the first quarter of the nineteenth century, had become the specialty of a few as the century drew to a close.

Out of what may be called the attenuation of our commercial relations with China, there naturally grew a profound ignorance of the conditions on which the continuance of these relations depended. In all our diplomatic annals I know of no more curious chapter than that of which Washington was the scene in December, 1897, when, as the visible outcome of a long train of secret intrigue, Germany had occupied Kiaochau, and the grasp of Russia finally closed on Port Arthur. The matter was apparently discussed at a Cabinet meeting and it was intimated that an understanding had been reached to the effect that the United States was interested only in the protection of American interests in China. Something more specific being required by a curious though only mildly interested public, early in January, 1898, two distinguished public

men put themselves on record in newspaper interviews with regard to the Chinese situation. One of them was the then Secretary of State, Mr. John Sherman, who professed himself to be quite unable to see any danger to our commercial interests in the threatening attitude of some of the European Powers toward China. He went so far as to say: "Should it be conceded that China is to be partitioned by the Powers, how, pray, is that to interest us materially? The Powers would gladly seize the opportunity to trade with us. Our commercial interests would not suffer, so far as I can see, in the least—quite the contrary." So, too, Mr. Nelson Dingley, Junior, the Chairman of the Ways and Means Committee of the House of Representative, echoing the sentiments of Mr. Sherman, said: "Were the Powers to partition China the result would be no injury to this country, none in the least. China would be developed and our trade with the conquered provinces naturally increased. The governments in charge of the conquered provinces would only be too glad to encourage trade with the United States." It should be added that as President McKinley had, in this and other matters, a mind open to the influence of intelligent suggestion and to the lessons of mature experience, his message of December 5, 1898, thoroughly cleared the diplomatic atmosphere that had enveloped the State Department the year before, by showing a clear perception of how American interests in the Far East could best be defended. The President expressed a confidence founded on our national ability to justify it, that the commerce which the energy of our citizens had built up in Eastern Asia would not be prejudiced by any exclusive treatment on the part of the new possessors of important points on the Chinese littoral. He further intimated that any attempt at such treatment would justify the intervention of the United States in the struggle of the great powers in China, and he made the definite statement that "no discriminating treatment of American citizens and their trade," in the present or the future, fell within the sphere of toleration of this Government. Mr. Sherman's successor, Judge Day, had recommended the appointment of a commission "to study the commercial and industrial conditions in the Chinese Empire and report as to the opportunities for and obstacles to the enlargement of markets in China for the raw products and manufactures of the United States." President McKinley characterized this recommendation as important and timely and cordially seconded it.

In the interim, there had been an awakening among other nations in regard to the undeveloped possibilities of Chinese Commerce. A Commission of hard-headed Lancashire cotton spinners from Blackburn was sent out to view the land in 1897, and its members reported that China's trade possibilities were immeasurable; that the sparing use and absence of foreign commodities furnished warrant enough of future expansion if a policy could be adopted calculated to open the entire country to the advantages of unrestricted commercial intercourse. About the same time representatives of the silk trade of Lyons made a tour of China and their verdict was that foreign trade had merely scratched the surface of the possibilities of that great Empire, the vast majority of whose inhabitants were familiar neither with foreigners nor foreign products. From the Abbé Huc to the latest commercial attaché, who periodically rediscovers China, there is an unbroken continuity of testimony to the effect that China is the greatest, most valuable, and least liable to exhaustion of all the undeveloped markets of the world. As to the special opportunities that it offers to the United States, perhaps nothing better has been said than the statement of Mr. Denby, our Minister at Peking, twenty-five years ago: "The whole world sees in China a splendid market for our native products,—our timber, our locomotives, our rails, our coal oil, our sheetings, our mining plants, and numberless other articles. We are closer to her than any other commercial country except Japan. There is before us a boundless future which will make the Pacific more important to us than the Atlantic. San Francisco, Seattle and Tacoma are in their infancy. They are destined to rival New York, Chicago, and Philadelphia."

We might as well recognize the fact that it was only with the advance of the United States to the position of a Pacific power, that the integrity of China began to be perceived as an American interest. The Alaskan purchase was dictated by a desire to grasp the opportunity to become the foremost among the powers of the Pacific; the acquisition of Hawaii was a testimony to the necessity of excluding foreign control from a commanding position in Mid-Pacific; the taking of the Philippines was justified on the ground that we needed an emporium of trade and a place of arms to be ready against the time when other powers might be moved to dispute the right of the United States to enjoy equality of commercial opportunity in the great markets of Eastern Asia. We

made the construction of a canal across the Isthmus of Panama a national enterprise, primarily because it was needed to enable the manufacturing sections of our country to have the full benefit of the present and future profit of the commerce of the Pacific. If the extension of the influence of the United States has been anywhere pursued in obedience of the call of "manifest destiny," it has been on and around the Pacific Ocean. If there be one point more than another where a check to our influence would dwarf the rôle which this Republic is fitted to play on the stage of history, it would be here. Were China, with all its possibilities and opportunities, part of the continent of Africa, we might have an equally strong commercial interest in its future; but we should hardly be justified in offering to its partition a more vigorous resistance than we made to the passage of Madagascar under French sovereignty, and the consequent disappearance of a highly promising market. But, in the case of China, the commercial interest is reinforced by political considerations of acknowledged potency—by reasons of policy which are founded on an imperative regard for the free and full development of our national greatness. The place which the United States occupies in the world, and the place which it should occupy in future ages, are equally challenged by every step made toward the dismemberment of China. Let the fact be evaded or disregarded as it may, every blow aimed at the independence of that ancient empire is a blow at the prestige of this Republic—part of a deliberate attempt to make the position of the United States in "the world's great hereafter" that of a second rate power.

The Panama Canal was dug, in President Roosevelt's phrase, "to alter the geography of a continent and the trade routes of the world." But there were not wanting timid souls who saw in the expansion of our commercial relations with China a positive menace to the economic equilibrium of the United States. Mr. John P. Young, the Managing Editor of the *San Francisco Chronicle*, made himself the spokesman of this sentiment as it existed on the Pacific Coast. In an article in *The Forum* of November, 1899, Mr. Young propounded the query, "Will Chinese Development Benefit the Western World?" and replied to it with an emphatic negative. He hazarded as a safe prediction that the opening of China to the trade of the world would not be followed by the results that were so confidently expected, but that, instead, the effect of the opening and

awakening would probably be to bring disaster upon Western industrialism, "unless a barrier can be interposed to the competition of a race whose most striking characteristic is the entire absence of those desires and aspirations which Americans and Europeans strive to gratify." This feeling was not confined to the United States by any means, and the Blackburn Commission felt constrained to meet it by this statement: "The establishment of permanent industries (in China) need not cause us too much alarm . . . they must be understood as meaning a source of regular income by which the purchasing power of the people is increased, and as powerful factors in that development by which in the long run we shall most assuredly profit." As a matter of fact, the world had before it an object lesson in the case of Japan. In 1899, the new era in Japan was less than thirty years old, and as recently as 1878 the foreign commerce of the country had amounted to less than 60,000,000 Yen. But by 1898 it had risen to over 440,000,000 Yen, the development of railroads, manufactures, and internal industries having been in the interval, equally great. So far as the United States was concerned, our exports to Japan grew with even greater rapidity than her exports to us. In 1881 the imports of Japan from the United States amounted to only 1,781,108 Yen, and in 1898 they had reached the value of 40,001,097 Yen. Our share in the foreign trade of Japan increased from 5.72 per cent in 1881 to 14.57 per cent in 1898, and ten years later it had reached 24 per cent.

Then there was the experience of India to demonstrate that the development of railroad communication was calculated to bring about such an expansion of commerce as the previous generation would have regarded as impossible. Within forty years the imports and exports of British India rose from 400,000,000 to 2,000,000,000 Rupees. In 1898 the internal economic conditions of China were very much the same as those of India had been when railroads were first introduced, and as a competent authority remarked, "the latent wealth of China makes her of greater value than many Indias." But China had already shown that neither civil strife, flood nor famine could check the elasticity of her foreign trade. Looking back twelve years from 1898, the Statistical Secretary of the Maritime Customs found that the import trade of China had increased in twelve years over 145 per cent, or, in other words, was nearly two and a half times the value it bore in 1886. Hence, he made

a prediction of quite different tenor than that of Mr. Young, to the effect that the development of industrial enterprises, the extension of railways and the exploitation of the mineral resources of the country would create the wealth which brings demand for goods. That is to say, he confidently anticipated that instead of the Chinese importing less as they manufactured more, the direct contrary would be the case.

On the opposite coast of our country from that for which Mr. Young spoke, there was voiced about the same time another kind of skepticism regarding the prospects of Far Eastern trade. This also took the form of a magazine article, whose author was an economic thinker so eminent as Edward Atkinson of Boston. Mr. Atkinson's thesis was that the expectations based on the development of the commerce of the East were preposterously exaggerated; that this commerce could increase only in ratio to the enhanced purchasing power of the people—dependent on what he deemed to be a process so slow as to adjourn the reaping of its fruits to a very distant future. As Mr. Atkinson viewed the matter the fallacy in regard to the possibility of an immediate and very great increase in our sales to Eastern countries was due to a delusion regarding what used to be called the "wealth of the Indies." But he argued that the masses of the people of Asia are the poorest in the world, barely deriving from the soil and other sources the means of a wretched existence. Their low wages were merely a reflex of the meager product of the country, since wages must be very small, measured in money, when the whole product is very small in proportion to the population. But the stubborn fact remained that the foreign trade of the Middle Kingdom had in the closing generation of last century recorded a very striking development. In 1864, its total value was \$153,000,000; in 1874, \$198,000,000; and by 1890 it had reached \$270,000,000. It started on a new century of growth with a total of \$310,000,000 in 1901, and seven years later, in spite of widespread business depression, it amounted to \$436,000,000. In the last year for which returns are available, the import trade of China alone shows an advance of 50 per cent over her whole foreign commerce for 1908. The fact should also be noted that while of the Chinese imports of fifty years ago opium accounted for a very large share—somewhere between one-third and one-half—three-quarters of her imports to-day

might almost be described as *articles de luxe*, ranging from motor cars to cosmetics.

The common sense of the situation was forcibly expressed by Secretary Taft in the notable speech he delivered on his visit to Shanghai in October, 1907. He declared on that occasion that he was not one of those who viewed with alarm the effect of the growth of China, with her teeming millions, into a great industrial empire. He believed that this, instead of injuring foreign trade with China, would greatly increase it, and while that trade might change its character in some respects its profits would not be diminished. He added the very sound remark that "a trade which depends for its profits on the backwardness of a people in developing their own resources and upon their inability to value at the proper relative prices that which they have to sell and that which they have to buy, is not one that can be counted upon as stable or permanent."

The facts of to-day furnish ample justification for Mr. Taft's pre-vision. In the twelve months ended with December last, our trade with China reached the largest figures in all its history. As compared with 1918, the exports had just doubled, having increased from \$59,134,960 to \$118,274,490. The imports from China which have been steadily mounting during the last five years reached in 1919 the unexampled total of \$170,177,265. In our exports to China for last year it is satisfactory to note that our cotton drills and sheetings are coming into their own again. For the preceding two years our annual contribution of grey cotton cloth to the clothing of the Chinese millions did not greatly exceed \$300,000 a year as compared with an annual average of twenty times that amount in the years before the war. It indicates at least an approach to the former standard to find that for the calendar year 1919 our exports of unbleached cotton cloths to China were valued at \$4,107,792. Side by side with this there were substantial amounts under the general classification of manufactures of iron and steel, including \$2,406,692 in locomotives; \$1,730,092 in steel plates; and \$3,021,392 in tin plates. Then there were exports of illuminating oil valued at \$16,669,857, or about the same amount which we exported to the United Kingdom, and in addition to this it is not without significance to find China already paying \$1,444,852 for lubricating oil. China also bought last year \$6,328,365 worth of American tobacco, and paid \$10,112,682 for her import of American cigarettes.

Since the trade, more than ever in these days, inevitably fol-

lows the loan, and since China is looking to American capital to be the most powerful aid in the development of her material resources, it is satisfactory to be able to record the understanding reached between American bankers and the Department of State last July in which occurs this highly important clause: "Assurances that, if the terms and conditions of the loan are accepted by this Government and by the Government to which the loan is to be made, in order to encourage and facilitate the free intercourse between American citizens and foreign States which is mutually advantageous, the Government will be willing to aid in every possible way and to make prompt and vigorous representation and to take every possible step to insure the execution of equitable contracts made in good faith by its citizens in foreign lands." With the passing of civil strife in China and the concession by her Government of the required guarantees that the money will be productively spent, that understanding is bound to eventuate in an enormous expansion of our commercial intercourse with China. (Applause.)

CHAIRMAN HOUSER: The next paper by Mr. Robert Newton Lynch is on the "Relations with the Peoples of the Orient." Mr. Lynch is vice president of the San Francisco Chamber of Commerce and is one of the livest wires on the Pacific Coast.

Recognizing the need of a very clear and intelligent understanding, Mr. Lynch has made an intensive study here and by visiting the Far East of the relations with the peoples of the Far East on which he will now address you. (Applause.)

RELATIONS WITH THE PEOPLES OF THE ORIENT

By ROBERT NEWTON LYNCH

Vice-President, San Francisco Chamber of Commerce

Proper relations between Oriental and Occidental peoples is perhaps the most important problem before the world to-day. New and startling issues have arisen, not only growing out of fundamental racial differences, but from exceedingly unfavorable historical circumstances, due to the fragmentary contacts in the past century, and a thorough misunderstanding of relative values and stages of development.

The world has not been troubled heretofore to any degree with

this problem. The world is divided between two hemispheres. Possessed by two civilizations, one working eastward and the other westward, clashes were thus avoided and such contacts as were built up between these two civilizations were marked by a full assumption of military and other masterful superiority by the one over the other. These two civilizations have now worked out to the shores of the Pacific and must come to grips in a struggle for ultimate supremacy or co-operate in the development of a peaceful world commerce.

The importance of the termination, proper policy, and the human spirit in which this adjustment is sought, and the necessity of personal contacts and understandings, can scarcely be over-estimated. This is really the overshadowing problem before the Foreign Trade Council, as it meets with this outpost of Occidental civilization.

Naturally, the first thing to be sought in the study of such a problem are the facts. A thorough respect by parties for each other, and a just estimate of the contribution and character which each can offer is essential to proper relationship. Superiority of one party over another is never 100 per cent, and there is vastly more equality between Orientals and Occidentals than has been conceded by either side. The Western man assumed in advance the inferiority of the Oriental, and his possession of ships and guns and his masterful and aggressive disposition confirmed him fully in his contempt for peoples which seem backward and undeveloped, or the product of ancient outworn and decayed civilization.

On the other hand, the Oriental was fully conscious of his own refinement of manners and art and the possession of consecutive history thousands of years old.

The Orient is the great reservoir of humanity. If it comes to an ultimate struggle all the Oriental has to do is to adopt modern methods of efficient warfare. He is not fundamentally inferior, intellectually, physically, morally or spiritually. He has girded himself for the world struggle, but at the same time he is very adaptable and anxious for foreign counsel and education from the Occidental whose superiority at certain points he instinctively respects and desires to imitate.

Therefore, proper relations with Oriental peoples is not only essential to world trade, but challenges the intelligence and highest ideals of so-called Christian peoples.

The immediate problems call for far-reaching and fundamental decisions. They also involve careful and accurate decisions and the greatest of tact in immediate situations. The first of these decisions is the question of amalgamation of the white and yellow races. It will perhaps be found while there is no physiological or biological barrier that the pronounced difference in racial characteristics and the well-known human social prejudices on both sides, and the very proper desire for racial integrity would dictate a wise decision that the geographical and racial frontiers should be maintained practically intact.

This is a question which should be dealt with in conference between the broadest and ablest representatives of the Orient and the Occident, and both sides would probably find that prominent and largely developing colonies of either race should not be encouraged or permitted, especially if they would create personal problems which would bring inevitable friction resulting from the great differences in the human race, and which interfere with friendly relations. This involves at once the devising of a broad program which eliminates invidious discrimination and maintains real equality and the free movement between the nationals of the white and yellow races throughout the world. The Declaration of Independence, in its opening statement, adopts the doctrine that all men are created equal, that they are endowed by their Creator with certain inalienable rights, which obviously does not mean that all men are equally endowed in their personal qualifications, personal development, racial conditions or property holdings, but that they are born with certain inalienable rights, which is the business of governments to respect and maintain. To be, therefore, true to our own American doctrine we must recognize that all nations are born equal, that is to say, with inalienable right to justice and opportunity of development. All America has to do is to apply to her international relations the basic doctrine which has given such a large measure of freedom and opportunity of development.

It is said that there are three methods that may be indicated in dealing with such problems as with those of the Orient; one is the attitude of indifference which ignores the problem. This has largely been the attitude of this country toward the Orient, except out here on the fringe of the continent, where we have had some physical contacts. No one here, however, could advocate a policy of ignorance. The second attitude is one of over-riding and bully-

ing dominance. This is the natural attitude of the white race, but who would want the United States to take the part of a swaggering bully in international affairs? The third attitude is one of strict examination into our own vices and virtues and a proper perspective in our dealings with the world, and an attitude of helpful sympathy and respect toward the hundreds of millions of Oriental peoples and a thorough desire to help them to the standards of which we boast, and a willingness to receive from them whatever contributions they have to make or lessons they have to teach. Of course, no other attitude than this would be proper to the United States.

The cultivation of proper relations with the Orient calls for an infinite number of personal contacts between the most representative business and public men on both sides of the Pacific. Reasonable men, with a proper regard for all that is involved, should frequently confer and minimize as far as possible the operation of popular prejudice and passions on both sides.

To-day China and Japan look upon the United States as their greatest friend. Fortunately, our national policy has not been one of territorial aggrandizement, and we are in a peculiar position to take leadership in the adjustment of the Orient to the Occident. Enormous human values are to be recognized and developed, and world commerce with world vision must dictate the trend and spirit of this relation with Oriental peoples. (Applause.)

CHAIRMAN HOUSER: Before we take up the third paper we have, the meeting will be open for discussion. If there are questions to ask we will request to have them limited to not longer than a duration of five minutes.

MR. JULEAN ARNOLD (Commercial Attaché, Dept. of Commerce): I merely want to take advantage of this opportunity to bring out and emphasize one point that I think will supplement the admirable papers which have just been read in connection with the whole Oriental situation as I have seen it during my eighteen years in the government service in China, and that has to do with this question of economic inequality, the question of the Oriental laborer in his relation with the Occidental laborer and the question of the Oriental product in its relation to the Occidental product.

I think it is important that this idea should have your consideration. There is a feeling among some of our laboring interests

and among some of our manufacturing interests that everything we do to help encourage the industrial development of the Far East is going to make the Far East a greater competitor to ourselves and act as a sort of boomerang and that we are going to suffer in the long run.

There is one phase in that connection which I think might well receive our consideration and that is, where we help China and Japan and the Far East in its industrial development, we help to overcome this inequality, we help to raise the standards of wages, we help to raise the purchasing powers of those people so that eventually the Far East comes to our own standards and economic inequality disappears.

You have in this connection to take cognizance of the fact that China is not overpopulated; many people realizing that China to-day is congested in its population, do not know that it is a case of a poorly distributed population.

The Chinese people evidently came from central Asia and, following the line of least resistance, went down the waterways along the easiest transportation routes and developed in a large and intensive way, leaving a large section of their country, to-day known as the Chinese Republic, sparsely populated and undeveloped.

That is the section of China which is to-day lacking in economic transportation and it represents practically two-thirds of the country, so we have six-sevenths of the population concentrated in one-third of the area. With only sixty-five hundred miles of railways it has been impossible for China to open up and develop that large two-thirds which lie rich in virgin resources and mineral and agricultural resources, only waiting the implements of western civilization to develop them.

We ourselves have 265,000 miles of railways, with a territory smaller and a population one-fourth as great. China is very poorly provided with transportation or with good roads, as good roads feed the railways. Two hundred million people live in a territory provided with no roads as we know them, merely paths along paddy fields.

You can realize what is coming when we give China one hundred thousand miles of good roads and one hundred thousand miles of railways to supplement the sixty-five hundred they have to-day and the others that they are developing.

Not only will it open up a new territory of development in China, but also central Asia, an unexplored country. Asia gives us a continent two and a half times as large as North America. Therefore, the Chinese, with modern industrialism and transportation and with modern business co-operation—all these facilities of modern industrial life—will develop that Empire and again move along the line of resistance and not across the Pacific. So we need not fear the Chinese peril, as the Chinese are not going to look in this direction. (Applause.)

Everything we can do to hasten China's development by sending machinery and railways and agricultural implements and all the tools of western civilization is going to open up that vast development by the Asiatic people along with the co-operation of the people of the West, and open up Asia—unknown outside of the Occident.

We should bear this in mind in connection with the situation and realize when we sell cotton mills and machinery and railways to China we are helping ourselves most and not only doing that but helping Asia most. In addition we should do everything possible to bring Chinese students to America to educate them in our schools and supplement that education with a practical training in our industrial plants and our offices and business institutions so that they may go back equipped to develop those marvelous natural resources that you have heard about.

I trust that economic inequality which has loomed so large will have your earnest consideration, in that the more we do to supply those people the sooner will that economic inequality disappear and the sooner will it be possible for us to get along on a basis which will make the Yellow Peril disappear into the mists of the past. (Applause.)

MR. MAYNARD MCFIE (Los Angeles Chamber of Commerce): Mr. Chairman, Ladies and Gentlemen: On behalf of the two hundred delegates from Los Angeles, I want to express our appreciation that they have selected me, a representative of Los Angeles, to act as vice-chairman, because I think it reflects a compliment to us in the south and shows your appreciation of the growing desire that we have toward foreign trade and in the same way I feel that it is more or less a compliment to the Pacific Coast that they have chosen this afternoon and named a session "Pacific Coast Prob-

lems"; that they feel we are deserving and capable of discussing Pacific Coast problems.

I feel that Mr. Arnold has mentioned subjects that should have our earnest consideration. I feel that we should concern ourselves with problems of the Pacific Coast, because we do have problems of the Pacific Coast, and we on the Coast should endeavor to co-operate.

The Pacific Coast consists of California, Oregon and Washington and extends from north to south to the extent of 2,000 miles and is an integral unit. I was impressed with the statement of Captain Dollar in his opening address, and it was a thought that occurred to my humble mind also, that there had been three theatres of commercial activity, beginning with the Phœnicians in the Mediterranean, the ports of the Adriatic, Marseilles, Gibraltar and the north coast of Africa; then commerce took its way westward and concerned itself with the Atlantic; and to-day we feel that the Twentieth Century is to see the Pacific Ocean the commercial mart of the future.

So we here on the Pacific Coast stand as the bulwark of the Occident looking toward the Orient and we have great problems confronting us.

We should ignore the petty jealousies which sometimes exist between rival cities of the Coast and realize that if the Pacific Ocean is to be the commercial mart of the future and congestion is to exist, we should bend our efforts to develop trade routes from the Atlantic seaboard through the Pacific ports to the Orient in order to give adequate means of conveyance of goods from one section of the world to the other. And whether they are to be shipped through the Port of San Diego, Los Angeles, San Francisco, or Puget Sound should be a matter of secondary consideration.

We have problems and we should recognize with vision the fact that any additional trade routes that exist should be encouraged. I simply want to leave that thought with you because I think it is of paramount importance. (Applause.)

MR. WALLACE A. SALMON (Sacramento Cons. Chamber of Commerce): I want to draw the attention of the vice-chairman to the fact that it is not merely Los Angeles, Portland, San Francisco, Seattle and other Coast ports that are interested in this.

You can't leave out the background. You must take into consideration Sacramento and all the country from here to the Rockies. You can't depend only on the Coast ports.

The raw products come from the backland. You can't have all the factories congested in a few cities. We don't want to congest the Coast ports; but the wealth from the Pacific Coast must come from the interior. (Applause.)

MR. H. H. WANG (Commercial Press, Ltd., Shanghai, China): Most of you perhaps have seen me and you feel surprised that I dare to step on the platform again, but I heard Mr. Foord speak about our civil strife, and I would like to point out that it is a civil strife between our northern and southern governments, not between the northern and southern people. The people in all the Republic of China are a very peaceful type. We never like to fight each other and you will find that we very often have our educational associations held in Peking from as far as the extreme frontier and representatives are sent from these provinces, which you may call southern provinces, and educationally they are not separated.

Commercially we are not separated at all. There is sometimes fighting going on, but it is only fighting between a few military people. They are not representatives of the Chinese people at all. It is a government strife, not strife among the people at large.

Another thing I want to touch on; I am speaking not for the Chinese Chamber of Commerce, but just as one of the citizens of China. I am in contact with many of the peoples in Shanghai and I have traveled a lot in our country. When I go around, sometimes I may have little talks with the people and I have found out that we are strongly against any capitalists or bankers lending money to any of the so-called northern or southern governments. I hope if you have plenty of money you won't lend it to them. I am not speaking politically but commercially. If you do that, it may affect your business.

Some of the governments of the world are trying to borrow or lend money to the northern or southern governments. You can't feel how bitter, how much hurt one part of the people feel against the country that tries to lend money to the other government.

I think we need to pull together. The people have the money; the Chinese people are not so poor as many think; the Chinese population is not so congested as many of you gentlemen would

think, and they are not so poor. You will find many of your bankers who have dealings with the banks, such as Hong Kong—you will find a great many Chinese who have money in their banks.

So the only thing we need as a people at the present time is, first, your moral support. When we have a government, as we will have, that is satisfactory, then we will need your financial support, but moral support first. When your support comes financially, we will also have some money to pull out from our pockets. (Applause.)

A DELEGATE: We have the greatest undeveloped resources up in Oregon found in any state on the Coast. If any of the delegates come to Portland, we will be glad to show you our manufacturing industries.

MR. W. H. HAMMER (San Francisco Foreign Trade Club): As Mr. McFie has rightly said, this is one of the most important sessions, that relating to the problems of the Pacific.

A short time ago you will recollect that our appropriations committee in Washington attempted to reduce to a ridiculous amount the appropriation necessary for the commercial attachés. We got word through our representatives in Washington, and I am proud to say that with the good co-operation of the Chambers of Commerce in Portland, Seattle, Tacoma and Los Angeles we immediately, without any delay, wired to our representatives and to the Chamber of Commerce in Washington that this condition was absolutely appalling to us.

It meant the absolute withdrawal of our American attachés throughout the Orient, men who like Mr. Arnold had spent years of toil and trouble to give to us all the benefits of their wonderful opportunities.

We as a nation are now looking forward, not only to exporting, but also to the vast importing of materials. We must import goods and particularly from the Orient, because we all know that we owe the Orient more money than they buy from us, and it is necessary that we continue this importation, so that on the other side the trade will balance.

I can also state, gentlemen, that of the many conditions we have to meet to-day, the most awful problem of all is our cable communication. It is almost impossible for any business to-day to be put through by cable communication because of the delay; as every man knows who is in foreign trade, whether import or

export—the uncertainty and delay that is caused—it makes no difference what the line of business—makes it impossible to conclude any deal with any kind of dispatch.

There must be some action taken and I hope if one thing goes through in the General Committee, that something is going to be done to change this condition. We have our ships, our marine insurance to cover everything, but we do lack that vital thing.

I recollect a short time ago I was told that a party was sent via Vancouver to Japan in twelve days to conclude a deal in preference to sending a cable communication. Now, gentlemen, that almost seems preposterous, but it is an absolute, concrete case.

That is one of the problems. There are many more. It is our intention, united on the Pacific Coast here, to dispatch a vessel, properly laden with the exhibits of the whole Pacific Coast. It is our intention to try to obtain one hundred young men, preferably high school or University graduates, to go on this trip of seven months. They will be given every opportunity to visit all these ports and to study the conditions. There will be at least seven months of travel and it is in those ways that they can unravel many of the problems that are confronting us. I thank you. (Applause.)

MR. FRANK M. WARREN (National Cannery Association): I would like to bring before you a vital problem, the handicaps surrounding canned fruits and vegetables, in which every state on the Pacific is interested at the present time. The difficulties in exporting those products are due to the improper classification of those articles when they reach foreign countries. They are often classed in with luxuries and other products that practically make them an exportable and importable impossibility.

Take canned fish, for example. Between Japan and this country canned crab is admitted free of duty. Siberian canned salmon comes into this country on a twenty-five per cent. basis, whereas on a reciprocal arrangement, the exportable products stand on an eighty-five per cent. basis. When you get down to South American countries, all canned goods, fruits and vegetables are on an ad valorem basis. They are placed in practically the same category with pate-de-foie-gras and mushrooms, and it is impossible to take them into those countries.

A good example is found in Cuba, where when the proper classification was brought about, a live trade was built up. I think it is essential for this Convention, if possible, to bring before the

attention of the proper authorities the matter of the proper classification of those goods in order that they may go in on a basis to which they, as staple foods, are entitled.

MR. R. H. PATCHIN (W. R. Grace & Co., New York): I have attended all the Foreign Trade Conventions except that in Chicago last year, at which time I was in Japan and China, and one of the questions that is always in the minds of the delegates to these conventions, and particularly those attending a convention for the first time, is how is this interest and enthusiasm to be brought to bear in a practical way to solve some of the problems that are before us in the way that we practically all agree they should be solved.

The disadvantage of canned goods—a manufactured product which we commonly identify more particularly with the Pacific Coast, but which is an essential industry, if I may use that much abused term, in all parts of the country—how may the disadvantages imposed upon our export trade in those articles be remedied?

That is one of the questions which has been raised here to-day. Mr. Hammer, president of the Foreign Trade Club of San Francisco, one of the most practical, commercial organizations in the United States (applause), as an example of what they did here, has told us how they saved the commercial attaché service.

I venture to say that many of the delegates in this room are from communities which never realized that the commercial attaché service was in danger and I venture to say that many of the Congressmen who either failed to support or voted against appropriations for the commercial attachés didn't know what a commercial attaché was, and what his functions were.

An idea prevails among a good many of our people and it is therefore reflected in the minds of legislators at Washington that a diplomat wears plush pants and does very little else.

Now I believe that a country has as good a government as it deserves, and delinquencies of its government usually reflect the indifference of the people. (Applause.) I have had some experience of Washington and despite the length of time that it required for legislative reform, and especially for business legislation, it is, nevertheless, a fact that practical efforts, vigorously sustained, bring results.

Now I think that the personnel of this convention has a geographical distribution that none other has, in spite of the fact that

it is held over on the Pacific Coast. It is a much bigger convention than the one last year at Chicago. The secret is that everybody, no matter where he lives, wants to come to the Pacific Coast at some time. I think we have more different parts of the country represented and more commercial organizations and firms which have not hitherto attended any foreign trade convention.

That means whatever impression you may derive from this convention will be carried back to a hundred or a hundred and fifty different points of the country, all of which are represented at Washington by Senators and Representatives.

You are all very much interested. Now the suggestion that I would like to make, which I think would not impose great labor on anybody and I think will bring results, is this: If you have a conviction about any policy related to the Pacific (that is what we are talking about, but it holds good for all other parts of the world) relating to the Pacific or the conduct of our government toward foreign trade; if you have a conviction, I don't care what it is, make it your business to write to your Congressman and tell him what you think about it and ask him if he is doing anything about it. You don't need to tell him that he has got to do your way, but let him know that you are interested in this question, whatever it is, and that you consider it important to your business; and I don't think you will have to write him many of those letters before his activities at Washington will begin to respond to your expression of interest.

Often you find when such matters regarding shipping, such as the Webb bill, are in the hands of committees whose members have no personal interest in them, and when you go and talk to them individually, those representatives say, "That is all very interesting and I have no doubt that it is very important to New York or San Francisco, but I don't think our people at home are very much interested in it." Therefore, the very rarity of a letter from an interior Congressman's district dealing with some subject other than garden seed or a new post office will leave a very definite impression upon his mind.

I think that is a very simple way for each delegate, if he has a practical idea or opinion on these questions, to answer for himself the question, "How are we going to make the knowledge and judgment and enthusiasm of the National Foreign Trade Convention permanently effective?" I thank you. (Applause.)

MR. J. J. DONOVAN (Bloedel-Donovan Lumber Mills, Bellingham, Washington): I have been serving, Mr. Chairman, Ladies and Gentlemen, for the last two days with Mr. Patchin, who has just spoken, on the sub-committee which will try this afternoon to agree on the expression which will go forth as the voice of this Convention and which shall be passed upon by the full Convention to-morrow morning.

I have been greatly impressed, during these two days, and during this Convention, with some elementary conditions which, if not solved properly, will mean that all these other things, all these other matters of packing, bargaining tariffs, and establishing of agencies will go for nothing; and that is the absolute necessity of securing proper communication by cable and by wireless and by mail with every port on earth where we may expect trade, if we expect to get that trade. (Applause.)

We have not to-day proper communication of that kind, even with the great big ports of the world where we are now coming into keen competition with the people who for the past four years have been our customers, but from now on are going to resume their position as our keenest rivals. And we who have been interested for the last one hundred or two hundred years with the development of a continent with its magnificent resources and paid very little attention to our foreign trade except as it fell into our laps are going to find that this trade which has developed so enormously and to the profit of every one from the workman upward, and in every direction, will fade away in a very few years unless we open our eyes and realize the problem that is before us and solve that problem.

I have faith to believe that if the words of Mr. Patchin go home to you and through you and through this Convention to the people who make our laws that we will get the support from Washington that we should have and the support from our business man and our people that we have always had when we were in the right, as we are in this matter.

Now I am not one, Mr. Chairman, who feels that we should expect everything from our Government. It has certain functions; those functions are exercised as well as we could expect, perhaps, considering the multiplicity of departments and heads, and the fact that we have developed so rapidly. But we do have a right to expect that this matter of transportation, especially in the present

conditions, should receive intelligent action—that where it is found that conditions are against us, where it is found that our competitors and their governments are treating their people in a way different from the way we are being treated; that they are supporting their people, where our Government, I regret to say, is obstructing—that that obstruction cease and that we at least have a fair show with other people who are competing for this foreign trade of the world.

I believe that when this is clearly understood, we will have the support regardless of the party that is in power. But we must present our reasons for those things clearly and intelligently and not through three or four or half a dozen men of a committee, but through the mass of intelligent men and women who come to know what the problems are and know how we should solve them.

I come from the most northern port on this Coast, on the main land south of Alaska. I live sixty miles from Vancouver, British Columbia, and it is not creditable to the brains and money and enterprise of the Pacific Coast that I can get better service over one of the lines I have spoken of, by going to the Canadian port than I can by coming down to the neighboring cities of the ports of Seattle, Portland or San Francisco.

Communications, supported where possible by the Government; and changes, amendments to our shipping laws which will still protect the sailor as he should be protected, but which shall not handicap our shipowners any more than the British shipowner is handicapped, are vitally necessary if our merchant marine is to continue to grow as we have a right to expect and hope. Thank you very much. (Applause.)

HON. GEORGE L. BAKER (Mayor of Portland, Oregon): Mr. Chairman and Members of this Convention: These two speakers have hit the keynote. Something must be done in the way of organization. I suggest that you take home and play on your pianos and give a little thought to the organization of the Western States. (Applause.) Let me show you how that will work. We have in the West, from the Missouri River west, and from the Gulf to Canada, a lot of territory and we have a lot of representatives. We have Congressmen and Senators and things like that; but what are they doing? that is the thing.

Now, let us organize these Western States into a Federation

of Western States and every organization in these Western States send representatives to some point on the Pacific Coast or in the Middle West and organize these states so that when we send representatives to Washington that they will work for the West.

The trouble is that they go back and they listen to the things in the strict localities that interest their political future; that is what they are thinking of; they are not thinking of the West and the needs of the West.

We have this foreign trade, the shipping part of it; it is a fine thing and this conference is going to bring great results, but let us capitalize this and go a little further. Let us go into these states and organize them and bring them into one unit and when we say to our representatives at Washington that we want, something for the West, they will all get together and pull as a unit. And if they need any help they can go down to the Gulf occasionally and pick some support from there, or into the New England states and get some support there, or to the Atlantic states. But by combination, you know what that means, co-operation, pulling together, you will get some place.

Just take that thought home with you and see what will come of it. See how it will work out. Get a Federation of Western States so that when this Great West goes to Washington and demands something, we will get it. (Applause.)

DR. T. HSIEH (Chinese Chamber of Commerce, New York): I have a message that is a greeting from the four hundred million people of China to the people of America. China, with four million square miles is not over-populated. China is anxious for you to come and help develop China, for we are eager to lend you a hand to help you help ourselves.

Our spirit is shown by the symbol on our postage stamp. When the President of China was asked if he should have his own image on the postage stamp he said, "No, what we want in China is transportation." Now to-day you can see the stamp with a full blast of wind in the sails of the boat. We are eager to have a merchant marine in co-operation with America. In the background is a bridge and in front a line of railways with locomotives. With our revenue stamp we have at the top the flag of the Republic. The Republic of China has come to stay. The people have moral confidence in themselves.

The people who had hid their fabulous wealth have come forth to say, "We are eager to say, also, we want to go forward and show you that if you come to our lands to help us we are able to bring our wealth to help."

Much wealth in China has been hidden and not before seen at all. One President who started life as a drummer boy ended with \$23,000,000. Another before his head was about to be removed said, "You can see what I am worth—\$33,000,000."

These Chinese that have been known out here have not been the really representative kind. The Chinese in China are not all made up of laundrymen and cooks.

There are also those who are willing to show you gentlemen that the salvation of China must come from within. The federal incorporation, which perhaps you have all heard about,—all the leaders of China are heartily very desirous that it should come about and that American influence might be felt. You know if you do not have the advantage of federal incorporation you are the one nation only in China that would stand to a disadvantage, because firms must be incorporated. Therefore, in the eyes of the Chinese, you are not a first-class nation.

Another word—my friend wanted to interpret just now about the strife in China. China has a problem perhaps many times that of the American Civil War problems, and after the Civil War it took you fifteen years to fix your house. We, with a nation four times as large, might be given just a little time longer to fix up our house; all we ask is a square deal and our own chance to settle our own problems.

There is no north or south; there is but the enlightened people coming in spite of all handicaps to grapple with their problems and not to sell any concessions to any outside nation.

That is what China is to-day; it isn't because of north or south; there is no misunderstanding among ourselves. There is unrest, the unrest that follows China's long sleep. China has risen, once for all, after that long rest. She wants to stretch out her hands and say, "My invitation to you is to ask when will you come to our country?" (Applause.)

HANDLING OF PRODUCTS OF THE ORIENT

By W. B. HENDERSON

"Pacific Ports," Seattle

Handling of products of the Orient yesterday was quite different from the handling of those same products to-day, and will be yet more radically different to-morrow. It behooves, therefore, the business man of America, interested in foreign transactions, to acquaint himself with past and present methods, if he would reap full share of profits from the future. Prior to 1914, the German houses controlled the handling of Chinese products, and influenced those of Japan and various leased territories of the Orient. To-day these same products are handled largely by British, American, and French houses, and to a certain extent, even in China, by Japanese firms. Who is to be the controlling factor in this handling in the future?

Formerly the chief products of China were raw materials. To-day large (perhaps increasingly large) quantities of raw materials are being put upon the market for export in those countries, and in addition, there is developing a market for semi-manufactured products. To-morrow there may be, and likely will be, handled by this same class of distributors or others who take their places, a class of a still higher character of manufactured products.

Thus it will be seen that a development, a progression, is rapidly taking place in the Orient tending to put upon the scrap pile, past and present methods and looking to the adoption of the methods of the Occident. All such postulates will no doubt in due time be substantiated by facts. Not long since the writer had from the lips of a prominent Oriental—one who is well versed in American and English methods—and who had returned to China imbued with the desire that he might give to those peoples the benefits derived from his Occidental contact, the following statement: "China, during the past twenty years, has made greater progress than any other country in the same period and in any age." He said, "I repeat that 'China, during the past twenty years, has made greater progress than any other country in the same period and in any age.'" Much of this progress has been reflected in the handling of their products. The history of Japan is replete with progress

made in the handling of her native products. The same may be said in a qualified way of other sections of the Orient and Far East.

SOME OF THE PRODUCTS HANDLED

But what are some of the products handled? These are not unlike, in classification, those of other countries. They are staples and specialties, and staples subdivided into semi-staples. Then, too, there is another classification into mineral and vegetable products, both of which seem to be unlimited in quantity. Prior to the war, and particularly true as to China, Germany was operating a number of mines which produced great quantities of antimony, one of the chief raw materials of China. In addition, iron and tin and, to a greater or smaller extent, other minerals were being mined with German capital, under supervision and direction of German management. Large quantities of the raw materials that come from the bowels of the earth in the Orient were shipped, not only to Germany, but to various parts of the world. The big German houses in the principal trade centers were distributors of much of these products. That condition of course has been entirely abated since the first year of the European war. Now many of those mines are operated by British, some by American, assisted by local capital. Many others are not being operated at all. However, the products which constitute the great sources of raw materials are now being distributed under the direction, principally of American and British business houses, with the assistance of some few other Europeans, and until recently by Japanese houses. The situation in Japan, so far as mineral products are concerned, has not materially changed during the past decade or more. Of course, it is well known that Japan is comparatively new at commerce and industry, but for the past quarter of a century she has been making great efforts, with the assistance of foreign capital, to do her own development, and at present the great bulk of her mineral raw materials are handled, or at least directed by her own houses and with her own capital. Germany had much influence there prior to the war.

As regards the great classification of raw materials, known as vegetable raw materials, such commodities as teas and rice, which have played so important a part in the history of trade in the Orient for many years, are worthy of mention. And in speaking of the Orient, it is well to remember that the literal meaning of that term applies to all countries east of the Mediterranean Sea. Never-

theless, the trade has come to know the Orient as China, Japan, and the leased territories, and the most of the products referred to are peculiar to those sections.

Silk is one of these. And China has been noted many years as a chief producer of raw silk. China has, however, just begun to realize that her supremacy in the world's silk production is being severely contested by other nations. The fact remains that 90 per cent. of the unfit eggs which enter into the industry is attributed to *laissez-faire*, in the selection of eggs for the propagation of silk worms. The trade has shifted from China to Japan and elsewhere. As a matter of fact, the United States gets something like 75 per cent. of her demands directly from the traders of Japan. Much of the raw silk that is exported from China now goes to Japan, where it goes through processes of manufacture before shipping outside of her own section, and there are large numbers of filatures in China, most of which are small. Tussah silk is differentiated from tussah filature. In the former, it is reeled by hand, and the latter goes through a mechanical process; but both kinds are handled alike. In the Shantung district there are a number of these operators. They are still more plentiful in Shanghai districts, and there are some few in Szechwan district. In the latter place sericultural schools have been opened in each prefecture. The best silk comes, however, from Wusieh district, near Shanghai, while Chekiang is a rich silk producing center. But the main industry or rather center of industry is in the Szechwan Province. Manchuria produces some pongee silk and in the south part of that Province tussah silks are manufactured. Instead of shipping the cocoon to Chefoo, as was formerly done, the tendency now is to transfer the industry to Manchuria.

In order to cover the needs of the American trade in silk, the American Silk Association a few years ago sent representatives to China to travel among the Chinese growers and producers with motion pictures making demonstrations to the natives of the changes necessary in the silk industry in order to get the needs of the American market, which, as is generally known, is the greatest importer of raw silk in the world. Chinese silk producers have been advised by the American Silk Association and others in this country that they will have to produce better cocoons else the trade will entirely shift from China to other sections of the world. In recent years the United States has taken about 37 per cent. of

China's raw silk and something over 80 per cent. from Japan, while Japan takes about one-half of China's export of cocoons for her looms.

Camel's hair, produced largely in Mongolian steppes, is transported in the crude, both as to commodity and mode of transportation, to Tientsin, where it is cleaned, graded, and packed for shipment. Some of it of course remains in China for home consumption and is used largely in the production of rugs and carpets. The remainder is exported from Tientsin, and about one-fourth of it comes to the United States.

Western Mongolia also produces large quantities of sheep's wool, and like camel's hair it is brought to Tientsin for cleaning, steaming, pressing and other preparations for export. About two-thirds of the export of this comes to the United States. About 50 per cent. of the goat's wool which is produced in the same places and exported from the same strategic trade centers goes to Great Britain.

Various kinds of wax, principally the white wax, and the animal tallow, which is mainly the tallow of beef, are produced in North China, and amounts to several million taels in value. This white wax is of the vegetable variety, and is produced by a scale insect. Most of it is consumed in China, in the manufacture of Chinese candles, having mixed with it a small quantity of animal fat and oils.

A number of Chinese raw products which many suppose are exported in the raw state as a matter of fact enter into local manufacturing establishments and undergo a species of fabrication before exportation. However, it is impossible to get accurate data upon this. As a matter of fact, no less a personage than Julian Arnold, Commercial Attaché of the United States Department of Commerce, said a few years ago, in writing on the products of that country, that reliable statistical and descriptive data regarding China's products are difficult to secure. No one can appreciate his statement so well as the statistician who undertakes to analyze trade in these products.

This is forcibly illustrated in the bean and other pulse products that are produced in the Orient. Large quantities are annually produced in the northern provinces, especially Manchuria and Mongolia, and the statistics of China do not begin to show the quantity or value. As a matter of fact, much of the famous Soya bean is

handled through Japanese merchants, and a description of its handling pertains particularly to Japan. There have become connected with the oil trade during the past few years expert buyers from the United States stationed at the principal marts like Kobe, Yokohama, Nagasaki, and Shanghai, where established market practices obtain.

The bean is produced on the great plains of Manchuria and Mongolia. It is estimated that more than 50 per cent. of the Manchurian crop goes to Japan, where the oil is extracted and the product comes largely to the United States, sold through the regular channels of Japanese methods. The cake or residue from the oil is distributed in many parts of the Far East, and is used as a fertilizer; some of it comes to the United States. The bean is handled in the crudest way by the natives until reaching a port or market.

Same might be said to a limited extent of the wood nut oil of the Far East. These nuts are gathered by natives as they fall or are knocked from the trees, placed in piles alongside some stream, floated to where navigation begins, where they are cleaned, hulled, and crushed. Then the oil is put upon the market through the medium of experienced distributors.

Anise seed, or anise, is used in the manufacture of absinth, cordials, and medicines, and is produced in Southern China. There is a variety of apricot used in North China, sometimes mistaken for almonds, and substituted for almonds in some of the principal markets in the Tientsin section.

It is well to note the preparations and utilization of camphor, which is produced in largest quantities in China. Instead of the trees being tapped, they are, after a certain age (generally about fifty years), cut down, chipped, and the chips boiled in vats where the distillate is collected in crystals on strings or other fibers. This product has to be refined and is used for medicinal purposes, and for the manufacture of fireworks, etc. Camphor oil of Formosa alone supplies three-fourths of the world's consumption. Large quantities of Chinese camphor, or perhaps 90 per cent. of it comes to the United States.

Castor oil, used largely for medicinal purposes, is derived from the castor bean growing wild in China. The plant is considered poisonous, as it contains large quantities of alkaloids, and the natives use the shrubs as hedge fences to keep out cattle. Of late, the

industry has grown in importance as the oil is coming to be considered more valuable than in former years.

Cassia bark as a product, and the twigs which also furnish an oil, come from large trees frequently found on the borders of Kwantung and Kwangsi Provinces and in South China generally. The bark is, however, of most importance. It is stripped from the tree, allowed to lie for about a day, during which it undergoes a species of fermentation, then the epidermis or outer skin is easily scraped off. This dries in the shape of a quill and in that form goes upon the market. Many thousands of pounds of this bark are exported from Canton, but it is handled mostly through Hong-kong merchants. Cassia oil from this same tree is obtained from the leaves and twigs by distillation and used extensively for medicinal purposes. Many million pounds of buds and twigs are exported annually from the southern part of China.

The United States, being a large producer of cotton, does not look to foreign fields for that commodity. However, the southern part of China and other sections of the Orient are attaining an importance in the production of cotton and there are annually brought to the Pacific ports large quantities of this staple. Much, however, of the native product is used in home consumption, where it is mixed with cotton of the United States of longer fiber for fabrication. In China they crush the seeds as here, and are developing quite an industry in the production of cotton-seed oil and cake. The latter is used as in the United States for fertilizer.

A product of the Orient which is of small importance commercially but which is attracting some attention is that of gall nuts or oak apples; the same, to a certain extent, familiar to the Americans living in states producing the oak tree. These apples are produced by insects on certain trees found in the mountainous regions of West Hupeh, Hunan, Kweichow, Szechwan and Kwangsi. They are oblong and rough, having tubular shape. The shells are hard, brittle, and gummy, and in the center is a cottony ball. They are used to dye silks black, also in tanning and to a certain extent in inks. China exports more than a million taels' worth annually, about 75 per cent. of which come to the United States. The principal trade centers for handling the products are Hankow and Chungking.

Ginger, a commodity known the world over, is produced in considerable quantities in the hilly districts of the northwestern

Kwangtung and along the West River throughout Szechwan and to some extent in the central Provinces. In the green state it is eaten by natives as a condiment and a corrective. However, it goes on the market as preserved ginger, and is marketed mostly from Canton.

Galangal, a species closely allied to ginger, sometimes mistaken for that commodity, has a taste like a combination of pepper and ginger. It is used as a preserve like ginger and also for medicinal purposes. Large quantities come to the United States. It is found principally in the island of Hainan.

A fabric industry that has been much talked of in the United States recently is that of ramie or grass cloth. This is from Chinese grass woven from ramie, pineapple, or jute fiber. The best quality is produced from Kiangsi fiber, but the center of production is Swatow, as most of the fiber is sent there for weaving on machine looms, although quantities of Chinese grass cloth is woven on hand looms by women. The best pineapple fiber for grass cloth is produced on the island of Hainan, where some of it is woven. Kiu-kiang is the principal port in China for the exportation of grass cloth, with Swatow as second. Kiangsi Province produces most and decidedly the best ramie, and natives there differentiate it from hemp in that it is never irrigated.

Japan is just now the most active purchaser of Chinese grass; however, shipments have come to the United States through the medium of the British-American Tobacco Company, and is used in the manufacture of cigarette paper. This, however, is manufactured in Japan to resemble silk thread from which imitation silk garments are produced.

Another crop that is peculiar now to North China and Manchuria is kaoliang, known in the United States as sorghum. It is a staple crop of North China and can be produced cheaply, as it is used as a second crop, being sown after the wheat and other crops are harvested. It is used for human and animal food and also in the manufacture of spirituous liquors, and is marketed through the northern ports of China, especially Tientsin.

Indigo industry is one that was peculiar to the Orient until the Germans manufactured a synthetic indigo which is used largely in the dye trade. This attracted attention during the war when there was a shortage of dye materials. These synthetic indigoes have to some measure replaced the native vegetable dye in which China

predominated; now the native dye industry is by force of circumstances revived and China dyes are figuring prominently in the export trade, the most important of these being indigo, which is grown as a crop. The plants are cut before flowering and steeped in cold water for some days and well stirred. After the plants are removed, the water is again stirred and slaked lime is added to precipitate the dye. China exports large quantities of liquid indigo. Kiukiang and Swatow are the principal ports of export.

The history of the cereal production in China is by no means uninteresting, and it is not generally known that a few years ago China produced large quantities of wheat which were mostly exported. On account, however, of her large population and the danger of annual famine, treaty arrangements were entered into with Great Britain and other countries forbidding the export of grain itself from China. Of late, China has developed the manufacture of flour and now large quantities of the grains are manufactured into wheat flour and some of this is exported.

The physical handling of the products of the Orient, looked at from any angle, is properly approached from two distinct points of view, namely, handling Oriental products overseas and handling the same products on this side. There is hardly any difference in the comparative value of information as to which of the two angles of the subject is discussed. But as to interest attaching to same, the audience in America decidedly favors the one about which the least is known. This is but human nature exemplified and, therefore, the subject will be treated, in the main, from the point of view of the Orient with those vast stores of natural products so much in demand the world over, and particularly in demand in the United States. Enumerating some of these products, without of course taking into detailed consideration (which must always be the case sooner or later) the great staples, such as silks, teas, rubber, tin and the various pulse products, there might be mentioned numerous products derived from the mines, such, for instance, as antimony, silver, iron, coal and other ores. Then there is that other great class of vegetable products of which the Orient is a prime source, including, of course, the various beans, from which oil is extracted in large quantities, bamboo and the various wares obtained, cacao, camphor, cassia, copra, ginger, hempseed, indigo, jute, narcissi bulbs, pepper and other spices, rattan and the wares derived from it, linseed, sulphur, talc, and tobacco. Then there are a number of

products of animal nature or derived from animals, such as furs and skins, hides, all kinds of hair, a commodity frequently on the market from China, and especially bristles. There are swine in large numbers and from the swine has developed a considerable industry in bristles. Other products of importance are egg products, feathers, and camel's hair.

Among those commodities for which the Orient is particularly noted are the products derived from the forests. Other than lumber and to some extent the pulp that has been manufactured from the wood, there are quantities of wood nuts from which oil is extracted. There is a growing industry of palm leaves for fans that are produced in quantities.

These are only a few of the most noticeable, and some of them will be designated particularly for a description as to how they are handled.

Let me repeat that the classes of distributors of goods in the Orient are as numerous almost as obtain in the United States for distributing American goods. Nevertheless the great bulk of products is distributed through the large American, British, and native houses mostly under the designation of "general merchants, importers and exporters" who have ample facilities for buying, assembling, and in many cases of conditioning before putting the merchandise upon the market.

Nationalities of a number of distributors were taken promiscuously from a large list of distributors of the products of the Orient in the principal trade centers from Japan south to, and including, the Dutch East Indies. It was shown that out of one hundred names, forty were British; thirty, American; sixteen, Dutch; ten, Japanese; three, Chinese; and one, French. This is by no means given as an indication of a correct proportion, but more in the way of relativity and as an indicator. It might be noted in passing that most of the British houses have a number of branches, covering practically all of the Orient. Some of the American houses, too, have branches, and the large houses with headquarters in Japan have branches throughout the Orient. The Dutch houses are confined more strictly to the Dutch East Indies and the Straits Settlements.

Citations of the manner in which a few of the leading staples are prepared, quoted, and handled will not be amiss. Take, for instance, rice, which is grown in large quantities in many parts of

the Orient and is of various grades and qualities known as Siam Garden, Siam Straight, Siam Usual 50/50, Saigon Long, Saigon Round, Pack Ling (Tonkin), Glutinous Tonkin, Brewer's Siam. This commodity is generally packed in double gunny bags showing net weight of 159½ to 188½ pounds; gross weight, ranging from 193 pounds to 224 pounds; or else in double mat bags ranging from 46½ pounds to 48 pounds. Brewer's Siam is nearly always sold on F. A. Q. of season's standard, packed in double gunny bags of 219½ pounds net, or 224 pounds gross. The basis of quotation on all kinds of rice to American trade is per hundred pounds gross; to European and Australian trade it is quoted per 112 pounds gross.

Peanuts, another staple of certain parts of the Orient, are placed on the market shelled or unshelled. With shells this commodity is sold at fair average quality of season's standard in bags of 100 pounds gross and quoted American trade 100 pounds gross, to European and Australian trade, per hundredweight; or if by the ton, short ton and long ton respectively to American and European. When shelled, it is graded 28/30 per ounce to and including six or more grades to 28/40 (unassorted) per ounce; also packed and quoted in bags of 100 to 112 pounds according to the market to which it is consigned, and carries a franchise in weight of 3 per cent. In addition to the above grades there is the blanched, which are prepared in tin-lined cases of 100 pounds to 112 pounds net.

Walnuts are prepared for market with shells and shipped in bags of 100 pounds net and quoted to European and Australian trade per hundredweight net, and to American trade at 100 pounds net. Shelled walnuts in cases of 50 to 112 pounds net with the same limitations as regards conditions to various markets as obtain on peanuts.

Pepper, both black and white, sold in cases of 133 1/3 pounds net, fair average quality of season's standard, with 1 per cent. franchise in weight.

A trade in these countries that has shown wonderful development within the past few years is that of vegetable oils, particularly heavy oils such as Soya bean, peanut, and sesamum. Soya bean oil is prepared for market in cases of two five-gallon cans equaling net weight of 74 pounds, or in casks of 400 pounds. It is sold to European and Australian trade per hundredweight, to American trade per 100 pounds. Cassia oil 70/75%, 75/80%, 80/85%, com-

ing in cases of 66 $\frac{2}{3}$ pounds net in four leaden cannisters, quoted to European and American trade in pounds.

Camphor oil, No. 1 (Kwong-si) in cases of two new tins, 72 pounds net, and No. 2 (Kwong-si) cases of two old tins, 74 pounds net, quoted European and Australian trade per hundredweight and to American trade per 100 pounds. Castor oil, sold fair average quality of season's standard, packed as Soya bean oil, both in cases and casks. Cocanut oil is prepared in the same way as above, as is also sesamum oil. The latter, however, sold on fair average quality of current season's standard. This oil is also packed in cases of two five-gallon cans, 74 pounds net, and casks of 400 pounds net. Wood oil also carries fair average quality and is packed the same as tea oils. The above oils with the exception of the last two and including peanut oil, which runs in first and second grades and in cases of two tins of 36 pounds net to four tins of 90 pounds net, or in casks of 400 pounds net, are generally subject to analysis by Government analyst certifying that oils are up to the respective contract strength. Such certificate to be considered final to both parties. This applies also to wood oil packed and quoted similar to leading heavy oils.

In certain parts of the Orient there is a large trade in hides known to the market as Dry Fleshed Shaved, Arsenicated, and Wet Salted. The Dries are sold in bales of 10 or from 10 to 75 pieces and the Wets are in cases of 18/19 pieces. There are various percentages of firsts and seconds, and they are quoted to all trade in pounds, and indicated as to quantity in pieces.

The trade in ginger is divided into Cargo Ginger in syrup which comes in casks of two hundredweight, and Dried Cargo Ginger quoted in cases of various weights, also sometimes in tins; and Stem Ginger in syrup which is quoted in casks of two hundredweight as well as in cases of jars varying in standard of five and six.

Under the grade of Fukien, in addition to Kwong-si which has been described, the commodity is packed in cases of 133 $\frac{1}{3}$ pounds net, which is the same as picul quoted on the British standard of weights to Europe and Australia and on American standard to United States with an allowance of 2 per cent. for loss in weight.

Bristles, which have quite an extensive trade in China and Hongkong, are in two varieties, black and white, graded, A, B, and C, carrying various percentages from 25% to 50%, also extra long, and extra extra long, packed in cases of 133 $\frac{1}{3}$ pounds, quoted to

European, Australian, and American trade in pounds, sold in cases.

This section of the world is also the source of supply for large quantities of feathers of the white goose and gray goose varieties, as well as duck varieties. They are indicated as AAAA, AAA, AA, and also G, and duck feathers are also referred to as NN, packed in bales of 133 $\frac{1}{3}$ pounds, quoted to the European, Australian, and American market in hundred pounds.

There is an extensive trade in Rattan Core. There are something like 100 different grades ranging from Extra Selected down to Common, generally sold in bales of 133 $\frac{1}{3}$ pounds, on samples furnished by the dealers. Sea Grass is not unlike rattan as far as packing and quoting is concerned, while tumeric is sold on fair average quality of season's standard in bags of 200 pounds quoted to European and Australian trade on basis of hundredweight and to American, per hundred pounds, carrying a franchise of 5 per cent.

Vermilion, on the other hand, comes in packets of $1\frac{1}{4}$ ounces, 900 packets per packet gross, sold in cases.

While the Orient is not the greatest producing section for sugar, still there is quite a trade in several of the strategic trade centers where it is bought in raw, principally from the Dutch East Indies, and refined, and put upon the market in double gunny bags of 168 pounds net to 224 pounds net, or in mat bags of 133 pounds to 184 pounds net. In Hongkong, generally quoted in 100-pound lots.

Rubber, or gutta-percha, another great staple of certain parts of the Orient, especially Straits Settlements, should not be passed unmentioned, though, as a matter of fact, it does not enter largely into the trade of that part of the Orient to which the above mentioned products principally apply. The rubber referred to here is the plantation variety in contrast to the Brazilian or Para, and is of comparatively recent origin. However, it is growing in importance, and attracting the interest of American manufacturing men. Many of the plantations are either owned or controlled by the nationals making the largest use of the products. Be it said, with regret, however, that the United States' manufacturers, large consumers of these products, are not paramount in ownership of plantation rubber. (Applause.)

ADJOURNMENT.

GROUP FIFTEEN

LATIN-AMERICAN TRADE RELATIONS

Friday, May 14, 2:30 P. M.

Civic Auditorium

The session was called to order by Mr. V. H. Pinckney, Chairman of the Latin-American Committee of the San Francisco Chamber of Commerce, presiding.

CHAIRMAN PINCKNEY: It is with a great deal of pleasure and a deep sense of responsibility that I call Group XV on Latin-American Trade Relations to order.

The first subject to-day is a very interesting one, and it will be handled by a very interesting man. Mr. F. F. G. Harper, President of the F. F. G. Harper Company, Incorporated, San Francisco, California, occupies a unique position since he is able to talk on both sides—imports and exports. He is as keen to handle your imports as your exports. He is a man who has become nationally famous for his great interest in all matters that affect commerce, and his name will go down in history as the only man who had the nerve to tell Congress they ought to increase the salaries of the appraisers and other custom-house employees. He was also clear in his analysis of the subject of foreign trade zones. He will address us on the subject of "Transportation, Tariff and Customs Conditions in Latin-America." (Applause.)

TRANSPORTATION, TARIFF AND CUSTOMS REGULATIONS IN LATIN AMERICA

By F. F. G. HARPER
San Francisco

The above heading indicates that my task is briefly to start the discussion which will give an exchange of views on the difficulties encountered and errors made when shipping to Latin Amer-

ica, from the time we get the order to ship until the goods are delivered to the consignee.

The first vital factor is transportation. It is of no use to properly pack your shipment, consider tariff or other features until we consider transportation. Note that my remarks relate to transportation *other than* Ocean transportation, regarding which we shall hear later from Mr. Brown. Let us for a moment lift our eyes from the modern methods we enjoy in the United States and follow our shipment to destination where the voyage requires every type of craft from the big steel freighters to the grass balsas of the Indian. The Llama, a species of camel, is used in Peru. There are railways of many different gauges, aerial cables, funiculars, switchbacks, cogwheels and gravity, mule-power, horse-power, camel-power, dog-power, man-power—all are availed of. Dugouts are so common as to perhaps scarcely bear mentioning. There are many ports where passengers are loaded and unloaded by means of slings or barrels. This scheme of transportation is referred to because it is a condition we must meet and has a distinct and decided bearing upon the means and methods of packing goods. We are often criticised because of either negligence or indifference to the matter of proper packing. It is possible that many exporters do not take into consideration the different means of transport which must be used before goods reach their final destination. If more thought and study were given to this matter, surely the ingenuity and resourcefulness of the American exporter or manufacturer would quickly devise a suitable and proper package adaptable to whatever means of transportation he finds. It is advisable to call this phase to the attention of the American exporter, as often one shipment badly packed prevents further business transactions. A study of the best trade maps available before making shipment would indicate exactly where an order is to be delivered, what transportation lines there are, if any, and how the shipment should be handled to obtain the best results. . . . Export departments should be under the supervision of men who have served an apprenticeship, travelling and trading in the countries to which export is made or contemplated, who thus have some personal knowledge of what is needed in regard to packing. All catalogues for circulation in South America should prominently feature a price list (printed in the language of the country to which it is destined) covering shipment ready for knockdown packing, for steamboat

and bull, mule or man-pack transport. It is estimated that fully three-quarters of the imports to South America reach their final destination by bullback, muleback, small boat, or on the backs of men carriers—the packing requirements for all of which are practically the same.

A government report printed a few years ago remarked on the point that "Such a lack of information seems to obtain among American exporters as to interior conditions in South America that some importers are forced to maintain repacking houses on the Coast ports of entry for the purpose of opening and repacking the original consignments in order to facilitate transportation in all other ways than by boat and rail." Those exporting manufacturers who know these conditions and who give the closest scrutiny to fulfilling all the requirements of proper packing, are the ones who are most rapidly developing their business to-day. Indeed, competition is almost reduced to a basis of good packing rather than to competitive merit. It is to the advantage of the importer to have the initial cost high rather than to receive goods in such a condition that he cannot sell them, which injures his business either by his not being able to fulfil agreements or by having competitors supply his customers.

The high rates of duty in some of the Latin American countries and the rather illiberal and from our standpoint illogical customs classification and regulations may be regarded as one of the principal obstacles to the development of our trade with these countries. That tariffs have a considerable bearing upon Pacific Coast food products is evidenced in the case of England, which last year imported 35 million dollars' worth of canned fruits from the United States. There you have a favorable tariff. Take the case of Cuba. Prior to 1903 the total annual imports by Cuba were approximately \$12,000 of canned fruits. Subsequent to 1903, when the favorable tariff went into effect, the imports by Cuba of canned goods have steadily increased. Her annual imports of canned fruits alone now amount to over one million dollars. It is not claimed of course that our reciprocity treaty with Cuba was alone responsible for this development in our exports of canned goods to Cuba, but there is no doubt that a preferential treatment granted to American products was one of the principal factors in this situation. The total exports during the fiscal year of 1918 from United States to South America were \$314,558,794; imports \$567,418,257, leaving a trade

balance in favor of South America of \$252,859,463. It is significant to note that of these imports from South America, 93.09 per cent. were admitted by the United States free of all duty. Our greatest product on the Pacific Coast, canned goods, that is canned fruit, canned salmon, etc., is subject to an unfavorable tariff treatment. The United States is the only country in the world which can produce canned goods in sufficient volume for export, yet the tariff operates against us.

We are not a creditor nation as far as Latin America is concerned. The balance of trade of approximately \$300,000,000 is against us. The percentage of Latin American commerce admitted to the United States free of duty is approximately 95%.

In the decade following 1880 repeated efforts were made by the United States to develop closer trade relations with Latin America. Several successive administrations showed interest in the policy of securing reciprocity agreements, and their attention was of necessity directed to Latin American countries and colonies.

In 1884 a special commission toured South America and the general tenor of its conclusions was that the fiscal systems of the countries investigated were so largely dependent upon the revenues obtained from customs duties, and their revenues so comparatively meager, that they would be little inclined to make reductions in their tariffs except in return for liberal concessions by the United States. This Commission recommended that an International American conference be held at Washington to discuss the reciprocity and other trade relations. All the independent American nations responded and sent delegates, except the Dominican Republic; and the report of the Commission on Customs Union, which was adopted by the conference, stated that although unrestrained reciprocity was not easy to reach at once, that end might be obtained gradually. The first step in that direction would be partial reciprocity treaties among the American nations whereby each would remove or reduce their respective import duties on some of the natural or manufactured products in exchange for similar or equivalent advantages. After this had been tried for a reasonable time, a good result should follow and the number of articles on the free list might be enlarged until they attain practical free trade.

I have asked permission to digress a moment from the printed topic in order to bring in an idea which is very closely related. I may say that it has become my hobby, believing as I do that it has

a major position in transportation, tariff, etc.; that is foreign trade ports or zones.

Foreign trade zones build up transportation—Hamburg and Copenhagen are fair examples of this fact. A seaport originates and grows principally because of the export and import trade of its own country. But the facilities developed for this trade render such a port also the natural center where trade between neighboring foreign countries will focus. The small ports of Mexico and Central America, and even the small Atlantic ports of South America, cannot have direct sailings with the Oriental ports. It will be natural for the goods from these ports to be transhipped here.

It is recognized that we are a producing country now, with a surplus to dispose of, and foreign markets are absolutely necessary. With American ships available, a period of tremendous trade development is certainly imminent. We have in actual operation 1500 cargo-carrying ships operated by the United States Government. The universal testimony appears to be that a foreign trade port has aided immensely in quickly building up both the foreign and domestic trade of every harbor where it has been properly established. Foreign trade zones will increase the speed and decrease the cost of receiving, transferring and reshipping merchandise.

The business proper to a foreign trade zone consists in receiving and manipulating foreign products and reshipping them in the direction and at the time to take advantage of the best foreign markets. This is becoming a necessary business in our industrial growth. Hamburg and Copenhagen are examples.

Practically every nation frames its tariff policy with the primary aim of promoting domestic industries. Most nations add to this primary object that of encouraging their export trade. To carry out its policy each country chooses that system which appears to it best adapted to its circumstances and purposes.

A discussion of the tariffs and customs regulations of South American countries involves consideration of three main topics:

- (1) Character of the tariff system.
- (2) Customs duties and charges.
- (3) Customs procedure.

The tariffs of South American countries are in the main revenue measures, although most of them have some protective features. It is often argued that the purpose of the laws is largely protective. That inference is not justified. The high level of duties measures

the anticipated fiscal yield rather than their protective character. Import duties constitute relatively a more important means of obtaining revenue in South America than in Europe or the United States. The suitability of the tariff for purposes of revenue is due to the large proportion of imports intended for the use of the more wealthy classes. The poorer classes consume chiefly products obtained locally.

Protection is confined to comparatively few articles. This encourages new industries and diversifies the economic life of the country. By remitting duties, most of the countries encourage the establishment of new industries. Exemption from duty may be granted only by law. There are practically four forms of tariff: First, valuation; second, class-rate; third, specific; fourth, Brazilian. A study of these various systems will repay any one who is either doing business in Latin America or purposes to enter into the field.

The valuation tariff might be regarded in some respects as a simplified form of an ad valorem tariff. The Latin American countries generally consider the ad valorem tariff as the most equitable tariff, in view of the fact that under that system the rates of duty remain the same regardless of the fluctuation of the prices, while in the specific tariff the rates fluctuate in inverse ratio with the fluctuation of prices. In view, however, of the difficulties involved in the administration of a real ad valorem tariff, some of the Latin-American countries resort to a system of ad valorem rates based on fixed valuations instead of on current values as determined at the time of shipment. It may be easily seen that such a system really results in a specific rather than in an ad valorem rate of duty.

Under the class-rate tariff, commodities are divided into classes with a specific rate fixed for each class.

The specific tariff needs no explanation.

The Brazilian tariff is essentially similar to the valuation tariff from which it differs only in form. In the valuation tariff proper there is a table of fixed valuations and a table of ad valorem rates of duty, and the specific equivalent is calculated on the basis of the two factors. In the Brazilian tariff, the fixed valuation and ad valorem rates are omitted and are replaced by a table of specific rates and another table of the ad valorem equivalents of such specific rates.

The provision in the tariff act of 1890 for the imposition of penalty duties upon imports from countries which discriminate in

their tariff treatment against goods from the United States may be considered the first authorization ever given by Congress for a comprehensive program of tariff bargaining. In 1890, the McKinley Tariff Bill was passed. It provided for several changes in the tariff schedules, important among them being the free admission of sugar and molasses; but it contained no reciprocity provision.

The articles upon which penalty duties could be imposed, especially sugar, were particularly adapted to bargaining with South and Central American countries. In 1891 eight reciprocity arrangements were concluded with countries in the Western Hemisphere. In each of these agreements the United States undertook to admit free of duty, when coming from the other country, tea, coffee, sugar, hides and molasses, enumerated in the penalizing provision of the act.

The penalty duties were imposed only on Colombia, Venezuela and Haiti after these States had been asked to negotiate and had failed to respond. Several other countries, producers of the specified articles, conspicuously the Argentine and Mexico, failed to conclude the agreements, but penalty duties were not imposed on them; and this led to protests by Colombia and Venezuela against unfair discrimination.

An analysis of imports and exports during the period covered by these reciprocity treaties indicates that the penalty duties were moderately effective both as a measure of retaliation and as a means of securing tariff favors. There was a marked decrease in the imports from the penalized countries. Exports from the United States to the reciprocity states favored by special reductions of duty showed a substantial increase while, at the same time, there were decreases in the aggregate export to all other countries. In 1894 a new tariff act was passed which did away with the reciprocity provision.

The principal gains made by the imports have been due to the fact that several of the important staple articles of Cuban production, especially sugar and tobacco, have found a steady and growing market in the United States, a market which would probably have expanded in some measure without the extension of tariff preference.

The bulk of imports into the United States from Latin-American countries with which reciprocity was arranged, consisted of reciprocity articles, these forming 78 per cent of the imports from

these countries in 1890 and 84 per cent in 1894. This explains the effectiveness of the penalty duties in securing important tariff concessions from these countries. The imports from the penalized countries also consisted principally of reciprocity articles. The reciprocity countries secured a larger percentage of the trade in reciprocity articles during the period of operation of the act of 1890, their proportion increasing from 56 per cent in 1890 to 66 per cent in 1894. The whole gain of the reciprocity countries was therefore at the cost of the penalized countries, whose share in the trade of reciprocity articles fell from 7 per cent in 1890 to less than 2 per cent in 1894.

The penalty duties were removed in 1894 and the recovery of exports to the United States was immediate and sharp. The effect of penalty duties is shown in figures for individual commodities; coffee for instance, of which the imports from the penalized countries fell from \$12,700,000 in 1890 to \$3,000,000 in 1894, and from 16.35 per cent of the total imports of coffee in 1890 to 3.48 per cent in 1894.

The penalized countries furnished only a small portion of the reciprocity articles which were imported into the United States. Hence the influence of the reciprocity provision of imports could be but slight. Nevertheless the evidence on the effect of penalizing discrimination is here presented, bearing as it does on the effectiveness of this form of international commercial negotiations.

Penalty duties were effective as a measure of retaliation and as a means of securing special tariff favors. The particular commodities upon which duties could be imposed under the act of 1890, although few in number, constitute the bulk of imports into the United States and from a large number of Latin-American countries.

In most South American countries the customs requirements are strict and must be followed precisely. They are based, in part, upon preliminary declarations of the foreign exporter, as registered in the consular invoice. All South American countries except Argentina, Uruguay and Paraguay, demand the presentation of invoices viséed by a consular officer before goods may be entered. In place of the consular invoice these countries accept a certificate of origin. It is a general requirement that bill of lading should be presented to prove ownership.

The imposition of fines is the point in which South American

customs practice comes closest to the American exporter. There are fines for delay in presenting documents, fines for smuggling, for falsification of documents, etc.

One of the most injurious features in connection with the imposition of fines in Latin American countries is the system by which the customs officials responsible for the detection of the violations subject to penalty receive a large share of the fines collected. Assuming that human nature in South America does not differ fundamentally from human nature in any other part of the world, it is quite likely that fines are sometimes imposed for unimportant and purely technical violations of customs procedure.

A customs broker occupies a very important position in most Latin-American countries. In several of the countries the broker is licensed under a bond. He is therefore financially responsible and therefore has a standing with the customs higher than those not bonded.

A cause of complaint by shippers to Latin American countries has been the lack of uniformity in regard to the requirements for consular invoices. Nearly every country has a style of its own. Some require gross, net and legal weights, given in kilograms. The size of the blanks are in nearly every case different, the number of copies required are not alike, the details demanded as to description given vary, and also there is complaint as to the charge for consular fees. One or two countries charge 3% on the invoice value; this is often a charge absorbed by the shipper. On the first shipment the exporter finds his cost considerably larger than he had anticipated. The matter of scale of consular fees perhaps might not be easily changed, as we understand that is the source of revenue for upkeep of the consular office; but the suggestion as to the uniformity of style and the size of blanks and a uniform description thereon by the shipper should be a simple matter to adjust satisfactorily. The problem has received consideration at all the international conferences of American states, and at the conference held at Buenos Aires in 1910, a resolution was passed recommending the adoption of a uniform consular invoice in accordance with the form prepared by a special committee, the abolishing of certificates of origin and consular certification of bills of lading, and the reduction of consular fees as far as possible to amounts necessary to cover the cost of maintaining the consular service. The reforms recommended, however, have not so far been adopted.

Some doubt has been expressed as to an extensive market in Latin America. Our answer is that the same doubt, even a greater doubt, existed in China, and yet see what the Standard Oil Company, the Condensed Milk Companies, the Tobacco Companies, the Flour Companies and many others have done there. (Applause.)

CHAIRMAN PINCKNEY: We appreciate the remarks made by Mr. Harper. I think he has covered this subject very, very well.

The next topic is "Financing Foreign Trade in Latin America." This will be handled by one who is not connected with any financial institution, but is the financial editor of a daily paper. I take great pleasure in introducing Mr. Guy W. Wolf, Financial Editor of the *Commercial News*. (Applause.)

FINANCING FOREIGN TRADE IN LATIN AMERICA

By GUY W. WOLF

Financial Editor, Commercial News

I have taken the liberty, since the chairman has expanded the scope of the talks to embrace anything that has to do with Latin America, to expand the scope of my remarks.

One of my hobbies is the establishment of more cordial relations between the United States and Latin America. I have always believed there is a certain community of interest between the Latin-American States and the United States which could be established and worked for the permanent good of the entire world. I believe we are set apart here, surrounded by the two oceans, and if we set our hearts and minds to it, we can establish a community relation which will be everlasting and mutually profitable.

In discussing this topic to-day, I have undertaken to point out those things which I believe now stand in the way of a development of more cordial trade relations between this country and our Latin-American neighbors. I am going to simply mention the political aspect.

I believe the big brother attitude is one cause of friction that must be removed. We have taken the attitude too often, and they have felt it, that we were a big brother and they were not yet grown up. We have made them feel that they were children and should

attach themselves to our leading strings. The Latin-American temperament is such that they resent keenly an attitude like that, and I believe we must revamp our entire psychology before we can get far with anything that will be a definite, permanent and lasting good.

We must hold the trade we have with Latin-America and get additional trade. It is a simple matter to hold the trade that we have with Latin-America, but when we approach the subject of promoting trade with Latin-America and the United States, we must recognize that Latin-America has the upper hand. She is the producer of raw materials in demand all over the world. The United States is the producer of manufactured goods which she has to sell, and we must go out into the markets of the world and compete with other manufacturers of other countries who are trying to sell. For that reason, I believe the burden of establishing close relations is on the shoulders of the United States. They are in a position to dictate, they are in a position to sell wherever they want to sell, but we must go out after the markets.

If this convention has stressed anything, it has stressed the fact that the United States must expand its markets in order to take care of the surplus of goods with which we are faced. Within from six months to one year our local markets will be entirely saturated.

It has been emphasized, also, that we must import. As I stated, Latin-America is in a creditor position. She has been taking her balances in gold and we have been negligent in that we have not found ways and means of getting her to take those balances in goods. We have been trying to discover ways and means of selling to Europe and we are neglecting the great field at our door. The European field is temporary and the Latin-American field will be a permanent one. That \$300,000,000 balance that Mr. Harper mentioned should be paid in goods and not in gold, and that is our problem.

In promoting trade in Latin-America, a great deal of attention has been paid to the question of banks, credits, branch banks and the establishment of long-term credit facilities. I believe the Webb-Pomerene and Edge law provide machinery under which we may finance our trade with Latin-America. Latin-American trade depends on long credit.

The Germans are waking up and are establishing a twice-a-

week sailing to Vera Cruz. They will provide us with another competitor in addition to the English one that has been on the fields a long time. Long term credits are essential. The banks have been advising their customers to send their goods to other fields where they can get the cash. That is a short-sighted policy that no American banker has a right to follow. They must extend credits to those who expect it. Nearly one-fourth of the entire banking facilities of Latin-America are European.

The United States until a few years ago was not represented in South America except by correspondents. The National City Bank, as soon as the law was passed permitting them to do so, went into South America, and other banks are going. That is the only way in which we can establish a credit foundation on which to build our business. So much for the holding of the trade we now have.

I believe there are certain things we must do if we would build a firm foundation on which to construct our future trade relations with Latin-America. I believe we should have an international credit information bureau supported by the Latin-American countries and the United States, either by the government or the great banking institutions which are being formed and will be formed under the Edge law. This bureau should provide the American seller to Latin-America and the buyer of Latin-American goods with the information he needs as to the man with whom he deals in Latin-America. It is a peculiar fact that the American is suspicious of the Latin-American merchant. He has the idea that he is not to be trusted. He will trust the crossroads merchant in the United States but he will not trust the Latin-American. That condition must be changed. The wholesaler and producer must be given credit statements that the man with whom he deals in Latin-America is a responsible party.

I believe that we could establish more friendly trade relations by an exchange of staff members. There is a gentleman here to-day who attended the meeting of the American Chamber of Commerce in Mexico City in February. One of the points he brought out was that the Mexican business houses should send their young men to this country, learn our methods of doing business and go back to Mexico as representatives of the American houses, or as representatives of American import and export firms. That should be worked from the other end. There is no greater thing than to go to Latin-America in the service of some American firm with

branches in Latin-America and learn at first hand the conditions under which we must work.

We must also join the Latin-American postal union. It should be as easy to send a letter from New York City to Buenos Aires as from New York City to Jersey City. We should have the two-cent postal rate in every city in South America. We should have an international postal system which would whip out the barriers that exist in this country as regards postal connections.

Another thing we should do is to establish some sort of a bureau looking to the unification of our weights and measures. Every Latin-American either has or permits the use of the Metric System. While I hold no brief for that as a system, I believe that as we are dealing with countries, we should meet them half way and establish some uniform method of weighing and measuring our goods.

The United States should be urged to establish direct radio connections with the Latin-American countries. It is impossible to have satisfactory trade connections with people from whom we are separated.

Another point that has been touched upon by Mr. Harper is that of reciprocal tariffs. That is a touchy subject, but the reciprocal tariff has worked out to the advantage of all countries who have tried it. It is only a question of time until we can establish relations which will redound to the benefit of the trade between the two countries. I believe we should make an effort to establish an absolute dollar exchange between the Latin-American and all countries. We are rapidly approaching that point, and the sooner we get to it, the better it will be for our trade relations.

I believe that we cannot recognize too soon the seriousness of letting this trade with Latin-America go to the bottom. We are doing nothing to build it up. Latin-America lies at our door, separated from our competitors by the width of two nations. They have a national inclination to trade with us if we will go after it. We must go to them and try to place our goods with them, because in the last analysis we want to sell to them and we want to buy from them and it is up to us to try to lay those lines and establish the basis upon which that trade can be built. (Applause.)

CHAIRMAN PINCKNEY: The next topic, "Ocean Transportation," will be discussed by Mr. Chas. E. Brown, the manager of

Swayne & Hoyt, Incorporated, San Francisco, California, who is practically the father of the new line of steamers running between this coast and the East coast of South America.

OCEAN TRANSPORTATION

By CHAS. E. BROWN

Swayne & Hoyt, Inc.

I have been called upon to address you on the subject of Ocean Transportation to South America. In dealing with this subject, I am not going to take up your valuable time in submitting a mass of figures relating to distances, deadweight tonnage and volume of business handled between the United States and our friends in the South.

Neither am I going to deal extensively with this subject as far as the United States Atlantic and Gulf Ports are concerned, nor do I intend touching on passenger transportation in any sense.

Briefly stated, however, statistics show that there are on an average from New York to the East Coast of South America twenty to thirty sailings per month. To the West Coast via Panama Canal, ten to fifteen sailings per month. From New Orleans to the East Coast of South America, approximately five sailings per month, with occasional sailings to the West Coast.

There are also occasional sailings from other Atlantic and Gulf Ports to both the East and West Coasts of South America, so that it would appear that South America in its entirety is well served from all Atlantic and Gulf Shipping Ports.

What I will endeavor to do is to briefly outline to you conditions before the War and at the present time, relating to Ocean Transportation from the Pacific Coast.

Prior to the War, the Kosmos Line, German, had developed from Europe an extensive business to the River Plate and West Coast ports in Chile, Peru and Ecuador and to this Coast; their route being from Hamburg around South America to the Pacific Coast and then back, and the bulk of our business from the Northwest and California to West Coast Ports was carried on their ships flying the German flag.

On account of the German Merchant Marine policy, of which every one is well aware, to foster and develop trade for Germany

alone, many products from this Coast were denied a market on the West Coast, due to the fact that the Kosmos Line would haul these commodities from Germany and Europe at much lower rates than they would quote on the same commodities from this Coast.

As a matter of fact, it was well known that whatever cargo German ships took from this Coast to the West Coast of South America was taken merely because space was available on the Kosmos ships and the same space was required to carry nitrate and other cargo from the West Coast to Germany. In fact, I have known these vessels to leave this port with space to spare, rather than carry cement and other commodities to the West Coast at rates as low as applied on the same commodities moving from Germany.

This Coast was dependent almost entirely on foreign vessels for water transportation, and the Germans developed this business to a point where they had sailings practically every 20 or 25 days, flying the German flag, although the Norwegians when they entered this field began to prove strong competitors.

Recently, however, we have seen a very great change. The Norwegians have been entirely eliminated and the business is now handled by vessels flying the American flag.

There are no less than four different American lines operating fifteen or more vessels from this Coast to the West Coast of South America with a combined carrying capacity of over 50,000 deadweight tons.

In addition to this fine service, our Shipping Board has recently allocated four 7500 deadweight ton steel steamers to inaugurate a direct service from ports on this Coast to the River Plate and other ports on the East Coast of South America.

This new Line will be known as the Pacific Argentine Brazil Line and the assignment of these four steamers to this Line is merely a beginning, as additional bottoms will be assigned to take care of the business which is offering and the Board has stated that sufficient vessels will be forthcoming to provide monthly sailings.

The first three vessels on this route will proceed via the Straits of Magellan to Bahia Blanca, Montevideo, Buenos Aires and Rosario, for all of which ports cargo has already been accepted. Returning, they will load Argentine and Brazilian products for distribution on this Coast.

The Santos coffee market, however, has not been overlooked. Formerly a large volume of Santos coffee was imported to this Coast, but on account of shortage of bottoms, brought about by the War, this business gradually diminished, so at the present time the tonnage of this coffee moving to the Pacific Coast is very small.

This new Line, authorized and encouraged by the United States Shipping Board, has therefore arranged to make Santos a regular port of call for all its vessels on the homeward voyage, in order that the merchants dealing in this commodity will have a direct and regular service, and one on which they can depend, and undoubtedly Santos coffee will again be brought to this Coast in large quantities.

Our Shipping Board is wide awake to the opportunities presented in the whole of South America and I have no doubt that the Emergency Fleet Corporation will provide all the vessels needed for any trade between this country and the countries to the South of us, so that our and their merchants will mutually develop. This is particularly true of the District Director of Operations here, who is thoroughly familiar with the South American business and is fully acquainted with the possibilities of its future development.

I do not intend overlooking Mexico and Central America. There are no less than six companies operating fourteen steamers of a combined carrying capacity approximating 25,000 deadweight tons, engaged in the trade between Mexico, Central America and Pacific Coast ports, and it is to all intents and purposes exclusively controlled by vessels flying the American Flag.

There were occasional vessels of Norwegian registry that also participated in this trade, but in a small way only.

During this time, however, one of our American firms was pioneering in this business and paving the way for American vessels. I refer particularly to W. R. Grace & Co., who were gradually developing American trade on the West Coast with the aid of chartered vessels under Foreign Registry.

In addition to the above Lines, there were also Lines operating from Great Britain and other European Countries to the East and West Coasts of South America, but their service did not extend North of the Panama Canal. I refer to the Royal Mail, operating to the East Coast, and the Pacific Steam Navigation, operating entirely around South America.

There was no direct means of water transportation between ports on this Coast and those on the East Coast of South America,

except occasional tramps accepting cargo in either direction. Our Importers and Exporters were forced to move their shipments via Gulf or Atlantic ports; consequently, the volume of business owing to high cost of rail transportation was very small.

Since the War, however, and the driving from the seas of the German Merchant Marine, we have found conditions very radically changed. Late in 1916 Norwegians placed three steamers in service between ports on this Coast and those on the West Coast of South America. Some time before this Messrs. W. R. Grace & Co. had reached the point where they were able to operate an occasional steamer.

There are great possibilities in this business. This, I believe, is amply demonstrated by the regular sailings maintained by the old established Lines and by the number of new Lines that have entered this field during the last twelve months.

It would appear therefore that America has at last awakened to the possibilities of Ocean Transportation and the necessity of increasing our trade relations in the Southern Hemisphere, and the United States Shipping Board and private Steamship Companies, I believe, have placed at your disposal sufficient vessels to permit you to go forth and market in competition with the world the products of the United States which you desire to ship to Latin America.

They have also provided you with Ocean Transportation facilities that will enable you to bring back to the United States those products that our friends in the South wish to ship to us, for, without a fair exchange of commodities between Nations there can be no Foreign Trade. I thank you. (Applause.)

CHAIRMAN PINCKNEY: So many valuable points have been brought out in these three papers that I am going to ask our secretary to epitomize the salient points as they have occurred to him and bring them to your notice. The discussion will not be confined to the points Mr. Drury will bring out. It will be as free and as wide as consistent so long as it bears on trade relations. Mr. Aubrey Drury is the secretary of that live-wire organization which has been very effective in making this convention a success, the San Francisco Foreign Trade Club, internationally known as the World Trade Club.

Mr. Aubrey Drury epitomized the three papers which were read.

CHAIRMAN PINCKNEY: We are now ready for discussion. The first gentleman who wishes to enter into the discussion is Admiral Da Graca, who is a big shipping man from Brazil and is also a representative of the Brazilian Government. Admiral Da Graca is interested in the importation of coffee. (Applause.)

ADMIRAL DA GRACA (Brazil, South America): I am not interested particularly in coffee, but I desire to meet some of the people who are importers of coffee. My mission here is to establish the line between Brazil, that is between the River Plate and the United States on the Gulf and on the West side of the United States. On the East side the Brazilian flag has been seen for several years. We have been the only nation on the Continent of America that has subsidized an American line, and they have stopped the service because they did not find the same facilities from the United States Government that have been reported to us. I came here to establish the line with the Mississippi Valley. I arrived in New Orleans on the seventeenth of January. I am in co-operation with Admiral Benson to afford the Shipping Board all the facilities they can find in South America. I have listened to some of the addresses and I want to point out a few things.

Our consuls have not received fees. They are paid by the Government. They receive wages. We have a special tariff for many years for the United States, thirty per cent of our imports coming from the United States. Flour and many other products have a reduction of twenty per cent. The first steamer that came here, I tried to balance the trade, and I had to draw against this steamer which was honored by the Brazilian Government. The trade is balanced with \$15,000 in favor of the United States. By our balance last year we were creditors for over \$120,000,000 and we have come here to trade with you, to have all the facilities. I have my headquarters at New Orleans and if anybody desires any information I will be very glad to give it to him.

I wished to make some remarks because this is a foreign trade convention and I have only listened to North Americans. I wish that the South Americans would be listened to also. (Applause.)

MR. C. B. LASTRETTO (Green Coffee Association, San Francisco): On behalf of the Green Coffee Association of the San Francisco Chamber of Commerce, I will be pleased to usher

Admiral Da Graca, after a little while, to our exhibit down stairs, where he will meet such other members of our Association as may be here, and where he will have an opportunity to deliver his message to us and we can extend to him a cordial reception.

MR. ENRIQUE GIL (Aldao Campos & Gil, New York City): It is highly gratifying to me to be present here on behalf of the Argentine-American Chamber of Commerce which have honored me by giving me the mission to represent them at this conference, because I will have an opportunity to relate to you that which has already been so often proven by the Argentine Republic, not only in the East but in a very evident fashion here in San Francisco by sending a very numerous delegation and by building a house at the time of the exhibition, which absolutely confirms the interest that Argentina has in the good will and friendship of this country. Those are good words, but facts speak louder than words so I will tell you that Argentina buys almost forty per cent of all the exports of the United States to South America. Why? Because the Argentine Republic has a population of nearly ten million inhabitants and has the highest purchasing power in South America.

Of course this is largely due to the enormous wealth of the country, but that is primarily due to the energy and to the hope that inhabitants of the country have in the future and in the necessity of extending its trade. The currency of the Argentine Republic is guaranteed to-day at 76% gold coin deposited with the government. (Applause.)

Our foreign trade is \$1,300,000,000. Those facts alone will give you an idea of the enormous power, that is purchasing power, of the country. I am mentioning these facts merely to prove how we as purchasers and you as producers, we as exporters of raw products and you as manufacturers, have great interests in common, and I wish to say that at present there is a very critical situation to be faced by the American manufacturers and exporters in the Argentine market.

I have noticed in the United States that there is a misapprehension as to the business methods of the Argentine business people, and likewise there is a great misapprehension in the Argentine Republic as to the business methods of the American people. There is no real foundation for this ill feeling. There is all the reason on earth that the friendship which at present exists between the two nations should also exist in a business way, and this ill feeling

which at present exists and which has a very bad tendency, because it is going to work against the commercial relations of the two countries, can be avoided, can be prevented by the organization of Chambers of Commerce.

There is already one in Buenos Aires, the United States Chamber of Commerce, which has been doing a splendid work, and I see here to-day Mr. Whittemore, who is a special representative of that Chamber and who will tell you, I am sure, about the splendid work done in order to prevent this ill feeling.

In New York the Argentines and the Americans are interested in bringing about closer relations between the two countries and have organized an Argentine-American Chamber of Commerce, and in behalf of this institution I wish to say that any assistance or co-operation which the manufacturers of this country desire, will be given to them in the best of spirit and with the desire and intention of co-operation.

In finishing my remarks, I wish to say, also, that we have at 64 Broad Street, New York, all the elements of information that might be needed by the manufacturers and exporters interested in extending their trade to the Argentine Republic. I am going to be here a few minutes, and any questions you should like to ask about these matters it will be a pleasure to answer. (Applause.)

CHAIRMAN PINCKNEY: Dr. Gil told me confidentially that he is a product of an exchange idea of students between the Americans and the Argentines, one of the points which has been brought out in the speeches to-day. I don't think we need fear the results of a general interchange of students.

MR. ANTONIO ZUCCA (New York Fruit Exchange, Inc.): Gentlemen, I hear with great pleasure all the work of this convention to strengthen business intercourse between the Latin-American country and the United States. There has been good work done on how to finance business intercourse between the countries. As Mr. Gil says, the Chamber of Commerce has done a splendid work, and I had some chances to see the good work done by the Chamber of Commerce of Buenos Aires. They did a splendid work regarding the settling of any matters of dispute between the two countries.

MR. CARLOS F. DEBERNA (Alameda Chamber of Commerce): Mr. Chairman, inasmuch as this meeting is a Latin-American meeting and the Latin-Americans have come from various parts of

South America, not only from the coast ports but from the very interior of South America, we have here with us a gentleman who wishes to make a few remarks, but as he is not conversant with the English language in sufficient form, he begs you to allow him to make a short address in Spanish. I am referring to Mr. Jorge Saenz, President of the Chamber of Commerce of La Paz, Bolivia, one of the largest exporters from our Pacific Coast to Bolivia, not only in California commodities, but in commodities coming from Oregon and Washington. I take great pleasure in introducing Mr. Jorge Saenz, who will speak a few words in Spanish. (Applause.)

MR. JORGE SAENZ (Pres., Chamber of Commerce, La Paz, Bolivia): Gentlemen: Permit me, by word of mouth, on this solemn occasion to express in the name of the Bolivian delegation the respectful salutation which it offers you as representative of the Chamber of Commerce of the Republic of Bolivia.

The great nation of the North, which is known as the United States of America, besides executing with its formidable power works which the world contemplates with admiration, also realizes in its ethics beautiful ideals which lead to the union of the nations in order to assure the development of its industries and resources by means of the personal contact of the men who aspire to the aggrandizement of their respective countries. So we then meet in this great gathering of eminent men those who by their power of work, intelligence and perseverance have excelled in the science of finance, those geniuses who are called business men but who I would call men of progress, because the progress of countries is due in great part to the success of well-managed finances.

In this Trade Convention the Bolivian Delegation is determined to subscribe with all enthusiasm to the declarations that it may adopt, and takes advantage of this splendid occasion to say to the financiers and manufacturers here present that the independent Republic of Bolivia is a nation graced by its riches in the three kingdoms of nature, as will be seen by the memorandum gotten together in haste by the Commission, and which I have the honor to place in your hands.

It will be seen also that capital sent there and applied to innumerable industries, above all mining, is bound to return enormous profits.

Bolivia, a nation young, full of natural resources, gazes upon

its future with faith, because it knows that in a not too distant day it will interest foreign capital which seeks sure and prosperous employment and will support that country in which the laws and its people protect and are congenial to the foreign element.

The Chambers of Commerce of Bolivia, on receiving the kind invitation to take part in this Seventh National Foreign Trade Convention at San Francisco, did not hesitate in accepting the above invitation, realizing the great benefits to be derived therefrom, and appointed as its delegation Señor J. Adolfo Gonzales, perseverant and distinguished business man, who at the present moment discharges the office of Secretary of the Chamber of Commerce at La Paz; Señor Alberto Palacios, intelligent, energetic Consul of our Republic; and the speaker, to whom, although unmerited, has been entrusted the presidency of the delegation, has agreed to add to it as Secretary the Bolivian engineer, Señor Carlos Lopez Bidele.

In offering our homage of respect and gratefulness to the Board of Directors of the Seventh National Foreign Trade Convention at San Francisco, it is our hope that the results obtained will be for the happiness and prosperity of the nations which are here represented. (Applause.)

CHAIRMAN PINCKNEY: I have told Mr. Saenz that we are very glad to have him here to-day and that from the attention paid to his remarks, practically everybody here understood what he had to say. We will, therefore, accept his remarks in Spanish and not attempt to translate them.

MR. S. GUERRERO (Representing the Consul of the Republic of Salvador): As the representative of the Republic of Salvador, Central America, I wish to state that I feel highly honored in being a delegate to this great Convention; I wish to thank the National Foreign Trade Council in the name of my country for the invitation and I sincerely hope that the work brought out in this Convention will be the means of bringing this great nation and El Salvador into closer social and commercial unity.

In these days when European affairs are absorbing our attention we are apt to be forgetful of some of our smaller neighbors. Almost directly south of this powerful country and connected with it by the same highway—the Pacific Ocean—lies the Republic of El Salvador.

Within its narrow limits the people are moved by the same

progressive spirit and are as eager to adopt new ideas that will tend towards the betterment of commercial relations, as are any of its larger neighbors; and in connection with this idea I shall endeavor to place before you certain facts that I hope will serve to improve the future relations of our two countries.

The business men of the United States are well acquainted with conditions existing to-day in trade with Latin America, and inasmuch as we appreciate in its real value the methods employed by this great country in securing those markets I want to call your attention to some facts which under your consideration may lead to the expansion of trade between these countries.

The basis of the development of this trade hinges upon the "extension of credit." It is well known that at the present time the Republics from Mexico to Panama are not in a position to trade on a "cash" basis. It is not that we can not appreciate the advantages of this kind of a transaction, but because our financial resources are not as adequate as yours.

This question of "extension of credit" being a vital one, should not be limited to those firms which now have it. It is necessary to extend it to many others which have not as yet enjoyed its advantages.

Actually the domestic trade of a country like El Salvador is a narrow one; because it is not possible having in its banks a capital of only 20 million pesos (10 million dollars) to facilitate the purchase of the entire production, amounting to 100 million pesos. Imagine, dear sirs, how long, how many obstacles and how many difficulties we have to conquer in solving our export trade. This fact is enough to confirm the narrow limit in which our business is carried on.

To a few merchants this limited credit is favorable, but these men do not form the majority and they are only retarding the expansion of the country.

The Republic of Salvador as well as other Central American countries offers great opportunities if assisted by capital. In fact, its fertile lands, its fine harbors and frank sincere inhabitants, make it a desirable place to any one intending to go there.

But we can not consider the question of extension of credit alone as a success if we do not take into consideration the "terms." Business surrounded by short terms are useless and this is the reason why the Latin merchants like to trade with European countries,

in view of the favorable terms they get in every one of their transactions. In fact, in spite of the abnormal situation now confronting in Europe, the exporters of those countries are quoting lower prices for commodities than the American exporters.

So that, if the United States continue being the market of the Latin countries, if the business men of this great nation want to hold them from now on, it is necessary to adopt a most liberal system of credits.

In regard to the exportation there are three points to be taken into consideration by American manufacturers and exporters who desire to develop and hold the trade in the Latin countries. The first will be a better study in quoting prices for commodities that would bear comparison with those of European countries in the same line of business; the second will be that the fabrication of commodities should be of standard material. There have been many complaints in the past of shipments that have been made of inferior material; and the third, probably the most important one, is a manner of packing and shipment. The American merchants are, generally speaking, too careless in this matter; as a fact, it is of common occurrence that shipments made have been found on arrival to be in bad condition due to the careless packing. Resulting that you lose your business losing the customer.

In referring to commercial correspondence, the American merchants must take into consideration the national characteristic and sensibilities of the country which it wishes to do business with. Many expressions used correctly in the commercial correspondence between American people should be avoided when used for purposes of trading with Latin countries. I think to remedy this it should be necessary to put in charge of the exportation department a man familiar with the language and social customs of the country.

This matter as well as the quality of the merchandise is necessary to create and to keep the good-will of the trade.

The American merchant, intelligent and practical, will readily see the great advantage in paying attention to these things.

In regard to San Francisco, I wish to say that there seems to have been a lack of propaganda in advertising this city in the Central American countries; it is a well known fact that New York, Chicago, New Orleans, even Los Angeles, are better known in a commercial sense than San Francisco. The Chamber of Commerce

of this beautiful city has a great opportunity in developing a great trade with those countries employing a most systematic and wide form of advertising. Many people wishing to visit the United States make their trip direct to New York or to New Orleans because they don't know the beauties of San Francisco. They don't know its financial resources, they don't know the hospitality of this city and, above everything else, they don't know yet that we have in San Francisco the most beautiful women of the earth. (Applause.)

CHAIRMAN PINCKNEY: Hon. J. M. DeMacedo, Consul General of Peru, who is from Seattle, wishes to talk to us. Although the time has expired, we are only too happy to listen to him.

HON. J. M. DEMACEDO: I have to thank the Chambers of Commerce of Peru for delegating me to represent them at this great conference, and I wish to express on behalf of them their idea of the great honor dispensed to them in being invited to attend. They intimated when they sent me that their appointment was to appeal to the commercial sense of the Northwest in order not only to maintain but to increase the great trade that you have had with South America and Peru, especially during the war. The great opportunities that you had are still there, and if these opportunities are wasted, they will never come back again. But in increasing the foreign trade, you are handicapped by the lack of veterans. This business has many difficulties. You have to attend to details. Foreign trade is a science. Therefore, there are so many particulars, so many details that have to be looked into, which, if not taken care of, will lose you the business.

The trade of South America during the war increased by about \$700,000,000. The trade before the war was, I believe, about \$300,000,000. During the war it attained \$1,000,000,000. You had trade amounting to sixty-six per cent of all the goods imported or exported from Peru.

Commercial facilities depend very much, as I said, upon details. For instance, the main question of introducing goods lay in the way in which they were presented, in the way in which the catalogs were made, in the way in which labels were made and especially in the way in which they were packed. Many things

depend upon those details, and if they are not attended to, the trade is lost.

I have to emphasize the great opportunities of Peru, especially. It is a land of 660,000 square miles that has a population of about six million. The spirit of Peru, especially to-day, is entirely American. It wants to foster the trade of North America. (Applause.)

We have on hand very great contracts with Peru. We want to attract the immigrant, not exactly in the sense of the immigrant coming to earn his bread, but we want to attract the American capital, and one of the things we have to do is to make the country attractive. In that respect, the government, understanding the possibilities, has devoted \$100,000,000 to sanitize the whole country.

The war has dissipated many doubts and has created good feelings. Those feelings are to-day bearing fruit in Peru. Therefore, I am expressing the feeling of the country and of the Chambers of Commerce when I say that the possibilities that Peru offers to-day are in your hands, and they are not only willing but eager to give them to you if you will only take the trouble to accept them. (Applause.)

CHAIRMAN PINCKNEY: We are very much indebted for the presence to-day of so large a gathering of the consular corps of Latin-America, and for the trade advisors who are ready to advise you on problems. There is more than a passive interest in this great problem. Let us hope that out of this conference we have received some good.

The meeting stands adjourned.

ADJOURNMENT.

FIFTH GENERAL SESSION

Saturday, May 15, 10:00 A. M.

Civic Auditorium

The fifth general session was called to order by Mr. Alba B. Johnson, presiding.

PRESIDENT JOHNSON: The meeting will please come to order.

This final session of the Seventh National Foreign Trade Convention has for its subject the "National Program for Foreign Trade." This means that it is to receive the reports of all of the various sub-committees, together with the report of the deliberations of the General Committee.

The officers of the convention feel first, that the work of the various group sessions is of the greatest importance and is second not even to the papers which have been read and subjects which have been considered in the general sessions of the convention. In the group sessions there is more flexibility, more opportunity for intimate discussion and perhaps a better opportunity to arrive at results than in the more formal sessions of this convention; but were we to receive these reports and have them read, it would take more than this morning's session to accomplish it, because there are fifteen group sessions which, together with the report of the Trade Advisors, makes sixteen. Even five minutes for each of these reports would detain you for probably an hour and a half so it seems wise simply to recite the names of the various groups and announce to you that their reports have been submitted to the secretary and will be printed in the proceedings.

I have already referred to the extraordinary value of these proceedings as an authoritative work upon the subject of foreign trade. The number of the group sessions has been so great that it has been impossible for any one of us to attend them all and it has been impossible for most of us to attend even those in which we felt an especial interest and had a special desire to participate in; therefore, as all of the papers presented at all of these group sessions, together with the conclusions reached by each group, will

be printed in the proceedings, it seems wise to omit reading them in detail at this time.

REPORT OF GROUP I—EDUCATION FOR FOREIGN TRADE

This group met at 8 P. M., Wednesday, May 12th, Civic Auditorium. In the papers and the general discussion which followed, the following points were brought out:

I. In order adequately to provide for the demands of foreign trade, it is desirable that systematic training be more generally given to prepare for such work.

II. This training should, among other subjects, include:

1. The fundamental principles of Economics.
2. The study of history as bearing on economic and commercial problems.
3. Commercial Geography so treated as to bring it in close touch with local business conditions.
4. Training in the effective use of foreign languages.

III. Since sixty per cent. of the students who enter High Schools end their education at this point, such instruction should be given in the High School as well as in College.

IV. Attention was called to the action taken in various parts of the country, to secure interchange of students between the United States and the countries of Latin America, the Orient and Sweden. More adequate support for this movement seems most desirable.

REPORT OF GROUP II—FINANCING FOREIGN TRADE

(In co-operation with the American Bankers' Association)

Group Session II, dealing with the subject of financing foreign trade, was held in co-operation with the American Bankers Association, at eight o'clock on the evening of May 12th in the Civic Auditorium.

In the papers presented and addresses made, the absolute importance of adequately financing America's foreign trade was effectively brought out. In particular, there was careful considera-

tion of such financing through foreign trade financing corporations under the Edge Law.

The points emphasized were:

1. That a large foreign trade financing corporation under the Edge Law is desirable from the viewpoint of management as well as from the viewpoint of the protection of the investor.

2. That by means of such organization the way could be opened for increased American investment in approved foreign securities with accompanying extension of the market for American goods abroad; that it would, in effect, provide means for the extension of American credits abroad when conditions at home and in foreign lands made such extension advisable; and that it could be employed to ensure to America raw materials needed in this country, and, in general, to advance national interests, at the same time aiding in stabilizing business conditions in other countries.

Insistence was placed on the necessity of having any Edge Law corporation provided with a personnel which would inspire confidence. In this connection it was pointed out that for a prosperous national position there must be economy, governmental and private; a curbing of extravagance; increased production; deflation of credit and changes in the revenue law, which law in its present form was characterized as a heavy contributor to inflation and unrest and the discourager of economy. While the opinion was expressed that the country is not in position to extend any great amount of long-time credit, the argument was advanced that if certain things were done, America could render very powerful assistance in bettering conditions and a change in the revenue law was instanced as a most important step in this direction.

The essential nature of maintaining and developing export trade was emphasized time and again at the session and the strongest desire was voiced that practical effectuation of these objects should be regarded as essential at the earliest possible moment.

It was the well defined sense of the session that concrete progress to this end would be registered if a committee of three were named by the National Foreign Trade Council to confer with committees which have been respectively appointed by the American Bankers Association and the Chamber of Commerce of the United States, the members of all of these committees to act as a joint standing committee on ways and means and to see in particular

what may be done in the way of nation wide organization on a comprehensive scale, with the uniform co-operation of manufacturers, exporters and importers, producers, bankers and others of this country to consider the situation and to develop, if feasible, a business-like and well considered plan to meet the situation.

REPORT OF GROUP III—TRANSPORTATION AND COMMUNICATION

Papers were presented taking up the subject of Development of Export and Import Transportation, Port and Terminal facilities, and Communication.

The important features brought out by the papers and by the general discussions were:

1. The necessity of increased facilities and equipment for the railroads so that the products of manufacturing, agriculture and mining could be transported, which would assist in bringing stocks now held in storage to the market and help cut the present high cost, and also be of great assistance to our Foreign Trade by giving better service and quicker deliveries to the water carriers.

2. That immediate disposal be made of the ships now held by the Government to American interests only, and proper allocation be made to the Ports in need, especially to the Ports on the Pacific to improve the inadequate passenger and mail service.

3. That American ships be sent in such numbers to the Philippine Islands, our own possessions, to handle the cargoes and meet the competition in rates so that the products of the Islands can be carried in American bottoms.

4. The improvement of Port and Terminal facilities so that shipments could be handled more advantageously. Also for equalization of wharf charges at all Ports.

5. An appropriation should be made for increased compensation of employees in all departments of the Customs Service, so that the efficient help can be retained and additions made to the staff which will eliminate costly errors and delays now suffered by Exporters and Importers.

6. The immediate need for new cables across the Pacific and improvement and extension of wireless service which is imperative. Both services to be owned by Americans.

REPORT OF GROUP IV—FOREIGN TRADE ADVERTISING

(In co-operation with the American Association of Advertising Agencies)

The meeting was held in the Civic Auditorium, at 8 o'clock, Wednesday evening, May 12th.

Three papers were presented on the subject of Foreign Trade Advertising.

First: Advertising results, wherein the speaker detailed actual cases concerning the marketing of manufacturing products in eighty foreign countries. He explained carefully the methods used, which were largely direct mail. In answer to questions he said it had been found necessary to use but five languages—French, Spanish, Portuguese, Italian and English; that they never used forms, but always individual letters.

Second: Agency service, wherein the speaker showed the necessity for the preparation of art work and copy by artists and writers native of the country in which the advertising was to be done; in other words, an intimate knowledge of local conditions; also that advertising rates in foreign publications were about the same as those in domestic; and that in most foreign countries there were influential newspapers in which advertising could be done to advantage.

Third: Consumer advertising abroad. The paper and the discussion dealt mostly with conditions in the Orient where the newspaper and poster are found to be the most effective advertising media. Here also it was decided that drawings and copy should be the production of natives of the lands in which the advertising was being done.

The session was attended by interested men from many countries, there being in the audience natives of India, Argentina, China and other countries, a number of whom participated in the discussions. The talk which followed the papers was illuminating and instructive.

REPORT OF GROUP V—DIRECT SELLING ABROAD

(In co-operation with the American Manufacturers' Export Association)

Group Session V met at 2:30 P. M., May 13th, in the Concert Room of the Palace Hotel.

Papers and discussions were delivered on the most important factors of this subject. The chief points on which agreement was had are as follows:

1. Distribution of American goods abroad can best be effected by a distributing organization under the entire direction and control of the American manufacturer.

2. Real and permanent success in direct foreign business can best be obtained by the American manufacturer if he will apply abroad the methods on which he has successfully constructed his organization in the home market. Due allowance, of course, must be made for varying tastes, customs and local conditions.

3. Study should be given to those countries which will afford the manufacturer a permanent future for his foreign business, rather than too great attention to forced markets, where present high profits may be of short duration.

4. Barter in "Low Value Countries": In those countries where the dollar is at the greatest premium, barter should be encouraged, but only for basis economic needs to permit industrial regeneration, and only as a temporary expedient.

In addition to the discussion on direct selling, Mr. William Pigott, President of the Pacific Car & Foundry Company, Seattle, addressed the session on "Developing New Foreign Business." He stressed the necessity of the export executive personally visiting the new foreign field. Mr. Pigott advised the session that in his opinion the American manufacturer can profitably spend more of his time abroad, particularly in sizing up new markets.

REPORT OF GROUP VI—BANKING SERVICE TO FOREIGN TRADE

Group VI met in the Civic Auditorium at 2:30 P. M., May 13th.

Dr. W. E. Aughinbaugh brought out in his address "Foreign

Trade Promotion Thru the Banks," the necessity for greater co-operation on the part of interior banks with the merchants and manufacturers seeking export markets, by the development of a foreign department with full information on the proper forms of documents, credit information, packing, transportation, etc., similar to that maintained by banking institutions at seaboard.

Mr. W. C. Dunlap developed in his address, "Inland Banks and Foreign Trade," the thought that inland banks, such as are in larger interior cities, should attempt to provide the industries within their purview with the necessary foreign information and thus make them independent of the seaboard banks.

Owing to the absence of Mr. M. M. Michael, his address on "Need for Standard American Letter of Credit" was read by Mr. Tower. This paper offered a suggestion for a standardized type of letter of credit to be known as "the American form." The purpose of this standard letter of credit would be to eliminate the infinite variety of letters of credit now in existence, the scrutiny of which requires time and special training that could be eliminated by means of a standard type.

In the discussions which followed, it was brought out that a standard type of letter of credit is advisable, and it was thought that the National Foreign Trade Council might study this matter with a view to either adopting the form submitted or designing one of its own for circulation to all those engaged in foreign trade,—such standardized form to be a corollary to the standardized terms on quotations formulated and adopted by the Council.

It was further developed that a necessary accompanying document for financing where perishable products were concerned, is an inspection certificate backed by a responsible body which could be resorted to for liability.

It was further developed that there is much apparent ignorance concerning the financing of foreign trade, not only on the part of merchants, but by the banks themselves. It was suggested that the Foreign Trade Council consider, if it has not already done so, the advantages of establishing some form of local Educational Bureaus thruout the United States;—these bureaus to be supported by the local communities, or otherwise, and their purpose to be to give courses in foreign trade to interested parties, either for a fee or gratis.

It was further developed that a necessary corollary to success-

ful financing and even the development of foreign trade is the securing of more ample credit information on the part of *foreign* banking institutions, because it seems that there is a tendency on the part of such organizations to give credit information along the most restricted lines, lines quite different from those followed by American banks in giving credit information abroad.

REPORT OF GROUP VII—TRADE WITH THE ORIENT

The session officials have to suggest the following which have been adopted by unanimous vote of the group:

1. We recommend that all advertising matter that is to be distributed in foreign countries should be written in the language of that country.

2. We recommend to the American public the great advantages presented to commercial enterprises in the Philippine Islands. They require our assistance in managing and also in financing.

3. A good trade can be developed in the Dutch East Indies, and we recommend to our merchants the opportunities that are presented there.

4. At our session, complaint was made from different countries of Americans who do not intend to remain permanently in the business, that they have been using various seaports as a dumping ground. This is detrimental to American interests and should be stopped.

5. We had an urgent invitation from China to send a commercial party to investigate the conditions there, the same as parties that had gone over there years ago. We recommend this.

6. From Japan we have a strong recommendation that an international trade association to act as an arbitration committee should be formed.

7. Great complaint was made by our Japanese delegates of the continuous efforts being made by certain people, principally in California, to create trouble and discord between America and Japan. We strongly and urgently denounce this practice and recommend its discontinuance.

8. We strongly recommend to Congress that they put our merchants and our merchant marine on exactly the same basis and

equality with our foreign competitors, and that we ask no favors, but strongly request a square deal.

9. American companies in China must operate under American laws. Federal incorporation is needed to enable our nationals in China to compete with foreign companies.

REPORT OF GROUP VIII—FOREIGN TRADE AND THE PRESS

Group Session VIII met at 8:00 P. M., May 13th, in the Civic Auditorium.

Three papers were presented taking up the subject of The Relation of the Press to Foreign Trade from the angles respectively of the Business Press, the Agricultural Press and the Export Press. The chief points brought out by the papers and the discussions and the remarks of the chairman are summed up in the following:

First, that the press can render its greatest service to Foreign Trade through the awakening of the business men in particular and the entire population in general to the fact that they are all vitally affected by Foreign Trade activities.

Second, that the press may be divided into five general sections, namely, newspapers, magazines, business papers, foreign papers and religious papers. Many other divisions there are, but all closely related to one or other of these main divisions.

Third, that there are three functions common in varying degrees to all five groups, namely, to inform, to advise, to agitate.

Fourth, that repetition of the printed appeal is necessary for good publicity. Facts told once or twice attract attention; repeated many times, they bring action.

Fifth, that the Foreign Trade idea can be put across with the American people more quickly than it has ever been promoted anywhere else in the world, provided that the idea can first be sold to the publishers of our highly developed and specialized press.

Sixth, that this should be accomplished by the Foreign Trade Council working through the five important groups of publications as named in our first point. To the Foreign Trade Council this service on the part of the press will come without cost being carried in the editorial columns, and in order to make this service permanent

in its nature the Foreign Trade Council should induce leading publishers and editors in each press group to form committees which shall definitely take the responsibility of selling to the United States the idea of Foreign Trade in the same way that they sold the ideas of the Red Cross drives and the Liberty and Victory loans.

We have not considered it necessary to report on those features of the papers presented which approach the subject purely from an advertising point of view as we feel that phase of press work was covered in the special session devoted to that topic.

REPORT OF GROUP IX—FOREIGN CREDITS AND CREDIT INFORMATION

(In Co-operation with the National Association of Credit Men.)

Group IX met in the Civic Auditorium at 8 o'clock, May 13th.

The address of Mr. Henry S. McKee on the Importance of Foreign Credits brought out the following points:

First: That economic laws forbid a nation long to continue exporting out of due proportion to its imports (or their equivalent), as the condition of this country has been for several years; and these laws are self-enforcing, very powerful and are commencing now to assert themselves through the exchange rate and otherwise.

Second: That credit must be extended abroad, but with great care and intelligence and with great regard to economic laws.

Third. That credit will be extended to Europe by the one who can and should extend it, the American investor, and not by the banks who are already overstrained, and not by the government as it is unsuited to such a transaction.

Fourth: If it is not advantageous to America that this credit be extended to Europe, then the fact will be evidenced by inability of the European debtor to pay the necessary price for it in competition with American borrowers.

Fifth: There is no way to determine how much credit should go abroad and there seems no better machinery for extending it than through the means made available by the Edge Law.

Messrs. John Clausen and E. G. Swift brought out the importance of the establishment of a Foreign Interchange Bureau by the manufacturers and exporters of this Country through some

organization such as the National Association of Credit Men for the obtaining of authentic and complete credit information on foreign risks.

Mr. H. F. Beebe spoke of the operation of the Foreign Credit Interchange Bureau of the National Association of Credit Men which has been operating along very successful lines for the past six or seven months, furnishing ledger interchange reports to some three hundred manufacturers and exporters of the East. In the discussion that followed, it was the unanimous opinion that manufacturers and exporters have definite information regarding their customers, especially in Latin America, as business in those Countries is done on open account.

Mr. George R. Meyercord outlined the feasibility and desirability of insuring foreign credits through a mutual company now being formed.

REPORT OF GROUP X—AMERICAN TRADE WITH RUSSIA

Group X met at 8:15 P. M., May 13th, in the Civic Auditorium.

Papers were presented dealing with the subject of Russia as an American problem, of trade possibilities with Asiatic Russia, and with current conditions in Russia. The salient facts were brought out that Russian conditions are of immediate concern, both to America's domestic and business life; that when normal conditions with her are restored, the trade possibilities are very large; that the great water routes both of Siberia and European Russia afford exceptional means of transportation and communication, not only with the interior of Russia, but with the world.

It was made clear that the current political and social conditions in Russia and the entire breakdown of the railroad system in European Russia do not permit of doing any considerable trade.

It was pointed out that the existing embargo is being used by the Soviet government to support their claim that the bad economic conditions prevalent throughout Russia are due to the blockade and not to the errors and crimes of the Bolshevik government itself.

The papers were followed by numerous questions in which various details of the business which will be possible with Russia when more quiet times arrive in that country, were fully discussed.

The session was informed in response to a question that the American-Russian Chamber of Commerce, Woolworth Building, New York, are a reliable source of information for matters affecting Russo-American relations and current conditions in Russia and Siberia.

REPORT OF GROUP XI—FOREIGN TRADE INFORMATION

Group XI met at 8:00 P. M., May 13th, in the Civic Auditorium.

The first paper on "How to Use the Federal Information Services" described the sources of foreign trade information now available in Washington, and incidentally convinced the delegates of the need for reorganization and unification of the foreign service of our Government.

The second paper described in detail the information possessed by the large business libraries of the country. In the discussion which followed, other representatives of commercial organizations described the information service which their organizations now render.

The third address on "A New Commodity Classification for Trade Statistics" emphasized the immediate need for putting into effect a new system of trade statistics, which has been prepared in co-operation with the business interests of the country, and which will enable our trade statistics to present in usable form those facts in which the commercial community are most interested. Discussion of this paper revealed the great delay in the publishing of trade statistics by our Government, and pointed emphatically to the need for increased appropriations for this work in order to maintain any degree of efficiency.

REPORT OF GROUP XII—PRACTICAL PROBLEMS OF THE EXPORT MANAGER

Meeting of Group XII was held in the Auditorium, 2:30 P. M., May 14th; and papers of importance and discussions on the everyday problems of the Export Manager were presented, showing the necessity of careful selection and thorough training of the young men who are selected to represent American manufacturers in for-

eign fields. Maturity of age, stability of character, full and complete knowledge of the line, knowledge of the language and adaptability to local conditions, with an inclination to reside abroad, were pointed out as the essential qualifications.

In the survey of markets the real needs of the public, the adaptability of the merchandise and the average purchasing power of the people should be given close attention and consideration before assigning salesmen and anticipating substantial and profitable business as a result of their efforts.

It was pointed out that in many foreign countries import duties, cost of handling, etc., added so substantially to the cost as to remove from the reach of a large majority of the consumers the article to be sold. Many articles accepted to-day in this country as necessary commodities are erroneously classified under "luxuries" or thrown into groups of merchandise carrying such an unusually high tariff that it practically closes the market to the American producer of that commodity. It was shown that in some Latin-American countries import duties on canned salmon ran as high as 350%.

Mr. Lawrence Langner then addressed the meeting on the subject of "Trade-mark Protection." He pointed out the necessity of selecting first a trade-mark that would be representative of the character of the article or place of manufacture and one that would be readily understood by the country involved and in that way build up good will for the producer of the merchandise. He emphasized the necessity of fully protecting our trade marks by registration and thus eliminate the possibility of "pirating" on the part of unscrupulous foreign merchants, with consequent elimination from the market or the recovery of the trade-mark by the legitimate owner at considerable cost.

Owing to the unsatisfactory cable service existing for some time past, it was the opinion of this session that the National Council officers refer this subject to the proper parties with a view of determining the advisability of the temporary use of the Naval Radio service and the subsequent passage of the bill now pending on Naval Radio service.

REPORT OF GROUP XIII—WEBB LAW IN OPERATION

Group Session XIII met at 2:30 P. M. on April 14th, in the Civic Auditorium.

Chairman H. C. Lewis stated that the Webb Law in Operation had demonstrated its success for many industrial institutions. He also stated that certain amendments to the Webb-Pomerene Act would be to the advantage of many more American exporters. This was amplified by papers read by the Hon. Huston Thompson, a member of the Federal Trade Commission, and by others who had prepared papers.

The sentiment of the meeting, as shown by papers read and the discussion following, favored an amendment to the Webb-Pomerene Act, permitting export selling agencies to buy foreign goods for sale either in this country or in foreign countries.

The plan of forming an association of American export selling agencies operating under the provisions of the Webb-Pomerene Act for the interchange of experiences and for the purpose of offering to the Federal Trade Commission constructive suggestions on the law and amendments thereto, which would be to the advantage of American export trade and at the same time safeguard the interests of domestic customers, was suggested by those present at the meeting. It was further suggested that the National Foreign Trade Council should take up the matter of effecting such an organization.

REPORT OF GROUP XIV—PACIFIC PROBLEMS

Group XIV met at 2:30 P. M., May 14, in the Civic Auditorium. Papers were presented on the subjects of "American Commercial Intercourse with China," "Relations with Peoples of the Orient," and "Handling Products of the Orient." Among the features developed by the papers and the discussions were the following:

1. Development of China is the foundation for enormous expansion of our commercial intercourse with that country. Recalling the enterprise of the early days of the American Republic in building a China trade, which later subsided, we are now reawakened to the vastness of its opportunities as China herself awakens to the call of modern life.

2. Proper relations between Oriental and Occidental peoples is perhaps the most important problem before the world. Geographical and racial frontiers should be maintained practically intact under a broad policy eliminating invidious discriminations.

Frequent personal contact between the most representative men on both sides is essential.

3. Such progress is being made in the Orient that the business methods of handling its products are changing rapidly in control and in methods of organization. This must be assiduously watched and followed, both from the standpoint of business practice and also of physical processes.

4. Discussion of the papers developed the fact that the most pressing problem to-day on the Pacific from the national standpoint is the need of improved steamship service for the quick carrying of passengers, mail and freight under the American flag, and additional cable and wireless facilities for quick communication.

5. Discussion also brought forward the need of a reclassification in the tariff of several countries on Pacific Coast canned food products such as salmon, vegetables and fruit, in order that these products will not be excluded from natural markets needing them and from markets which will assist in stabilizing the demand for such commodities.

REPORT OF GROUP XV—LATIN AMERICAN TRADE RELATIONS

Group XV met at 2:30 Friday afternoon, the 14th of May, in the Civic Auditorium.

The following addresses were given: "Transportation, Tariff and Customs Conditions in Latin America," by F. F. G. Harper; "Financing Foreign Trade in Latin America," by Guy W. Wolf; "Ocean Transportation," by Charles E. Brown.

In the discussion of topics dealing with Latin American trade, several consuls and other representatives from South and Central American governments were heard. Among the important questions touched upon were:

The relation of unfavorable Latin American tariffs to export of canned goods from the United States, particularly canned fruit from the Pacific Coast; The necessity for reciprocity between Latin American nations and the United States; The need for granting long-term credits in Latin America; The importance of uniformity in requirements for consular invoices; Exchange between Latin America and the United States of staff members of commercial

concerns, and of teachers and students in colleges; Necessity of building up trade relations between the Pacific Coast ports of the United States and the east coast ports of South America; Uniform regulations for commercial travelers; Uniform rate of postage and of charges for money orders and parcels post; Uniform customs classification.

REPORT OF THE TRADE ADVISOR COMMITTEE

The number of appointments show the value of this service. In addition to several hundred appointments by card, over one thousand personal interviews were arranged. It is significant to note that these interviews were between peoples from across the seven seas, representing almost every nationality and comprising both sexes. The subject matter discussed ranged from purely buying and selling to such intricacies as international law; trade marks and patents; consular procedure; incorporation in foreign countries; the Webb-Pomerene Act; the possible effect of Edge law corporations and debentures issued; exemption from Federal taxation; tariffs; rights of women traders and their legal disability if any; marine insurance; arbitration; triangular routes; customs classification as a bar to both exports and imports.

One suggestion was made that the present committee be made permanent in order to function between conventions.

The convention proved that it is an honor and a privilege to be appointed a Trade Advisor. It means some sacrifice because the Advisors were denied participation in many of the group and general sessions. The service rendered and the information gladly given has, however, been of great value in bringing about the closest rapprochement.

The Committee would be remiss in its duty did it fail to record its deep sense of obligation to Mr. H. H. Garver of the Chicago Association of Commerce for his splendid cooperation and loyal assistance. He made possible the successful result of the Trade Advisory Service.

One glaring defect was brought out which must be remedied. Many of the Trade Advisors failed to register with the Committee's Secretary, Mr. Patchin; furthermore, a few Trade Advisors failed to keep the appointments made for them. This caused a good deal of embarrassment.

PRESIDENT JOHNSON: The next business will be the reading of the report of the General Committee, chairman of which is Mr. James A. Farrell. (Applause.)

(For report of General Convention Committee, see Foreword and Final Declaration, page V.)

PRESIDENT JOHNSON: It will be in order to move the adoption of this report.

MR. H. H. RUMBLE (Norfolk, Va.): I move that the report of the General Convention Committee be adopted.

The motion was seconded and carried.

PRESIDENT JOHNSON: The report is unanimously adopted. The Chairman recognizes Mr. John Foord of New York. (Applause.) •

MR. JOHN FOORD (New York): I have the honor to speak on behalf of the guests of San Francisco, Oakland and the Bay Cities and to endeavor to put in suitable form an expression of the gratitude with which our generous hosts have inspired us.

We who have had experience of its six predecessors, find some difficulty in adequately describing the impression left on our mind by the Seventh National Foreign Trade Convention in San Francisco. Broadly speaking, the attendance of delegates at these gatherings has steadily grown, and this has been the greatest of all. As a general proposition, the interest in the proceedings has become more intense and more intelligent from year to year. With each successive convention, the conviction has deepened that their influence on public sentiment has been as profound as their usefulness has been far-reaching. But it was reserved for San Francisco to give us the sensation of an atmosphere electrically charged with sympathy, a business community keenly conscious of the greatness of our theme, a press lavishly generous in the space accorded to our proceedings, and a public manifestly ready and eager to listen to our message. That this has been, in numbers, in spirit and in elevation of purpose, the greatest convention that the Foreign Trade Council has staged, is very largely due to the men who have not only provided its splendid stage setting, but have made its proceedings vibrant with their own enthusiasm, and responsive to their own abiding faith in the future of American foreign trade.

If we ever had any doubt of the realization by the people

of the Pacific Coast of the part they have to play in the promotion of that commerce, this convention has swept it away forever. We, who came to inspire you with the determination to go forth and help to conquer the markets of the world, have been ourselves inspired by your abounding faith in your fitness for the task; we who came to teach you the methods we had learned of the use of the instruments we had fashioned, have found ourselves in the attitude of the disciple rather than in that of the master. Gentlemen, it is only simple truth to say that we are deeply your debtors for the instruction you have given us on subjects we thought we had exhausted, and for the new confidence with which you have inspired us in the success of our common endeavors.

But, more than this, we are deeply your debtors for the infinite pains you have taken fitly to install this convention,—adequately to provide for the accommodation of its central and its group sessions, and carefully to anticipate the requirements of its delegates. At your call, a Greek Temple—fit abode of the new wisdom of commerce—has arisen in the midst of your great Civic Auditorium; by your intelligent prevision, the ladies of our party have been made to feel themselves members of your family, and honored participants in your social functions. When so many instrumentalities have combined to render our stay among you profitable and pleasant, when the team work has been so perfect and the co-operation so hearty, it is difficult for us to single out any one organization for special thanks. You have had the art to conceal the subtle art of your perfect hospitality, and the exquisite taste to allow the mechanism of your welcome to be known only by its results. We know that we are indebted to your Board of Supervisors for the use of this building and its appurtenances; we know that the officers of the Chamber of Commerce have grudged neither time nor labor in the effort to make the convention a success; we know that your Foreign Trade Club has spent its days and its nights in forwarding our work, and we have noted with admiration the unobtrusive efficiency of your Committees on entertainment, on publicity, and on transportation, and to all these we must tender our special and our heartfelt thanks. But much has been done for us through agencies whose existence we can only infer from the results, and which we feel sure will take our appreciation as their full reward. It has been a great week for the guests whom you have so royally entertained, and,

if anything can heighten your pardonable pride in the achievement, it will be the knowledge that it is one whose fame will be kept alive by every delegation that takes home with it grateful memories of its too brief sojourn in San Francisco. (Applause.)

PRESIDENT JOHNSON: The chairman recognizes Father Walsh.

REVEREND EDMUND A. WALSH (Washington, D. C.): Mr. Chairman and Delegates to the Seventh National Foreign Trade Convention: It is not only a pleasure but indeed a duty to second most heartily this vote of thanks proposed by Mr. Foord, and especially is it incumbent upon those of us who have traveled the breadth of this continent to be participants in this, the latest and the greatest of all the National Foreign Trade Council's conventions.

Well has been exemplified in this convention the inspired utterance of the poet who wrote:

"Westward the course of civilization takes its way;
Time's noblest offspring is the last."

As we journeyed across the continent, the truth of this inspired utterance became increasingly apparent, when early in the morning, the sun barely being risen, we were greeted by your representatives who knocked at the doors of our compartments and at our berths in order to welcome us to this, the golden city of the West, and through each city, Seattle, Portland, Tacoma, and finally here, increasing hospitality met us and as one of your great hotels has emblazoned on its stationery, "And there at the end of the trail stood San Francisco," its arms wide open, its automobiles at the station, and in case through some inconceivable mishap any of us should have missed those open arms, all along the telegraph poles were the arrows directing us to this hall of fame which must remain a perpetual memorial to the foresight, to the brotherhood and to the charity of the members of your entertainment committee.

In seconding the motion of Mr. Foord, I have but one, perhaps, complaint to make. In the wonderful organization which greeted us here and which must be a challenge to every succeeding city, there was one point which I have not understood. Scattered through the city and at our hotels and in the public places,

there have been booths marked "complaints." This is an anomaly and we wish to assure the members of the San Francisco Committee that if any complaint is found registered there, sirs, I make bold to say in the name of this convention it has not been there registered by any visitor to San Francisco but by some prudent member of your own committee who has done that in order to render to your financial auditor a reason for the salaries expended on those people who were to receive complaints. (Applause.)

PRESIDENT JOHNSON: Those in favor of the adoption of the motion or resolution offered by Mr. Foord and seconded by Father Walsh will please signify by rising.

A rising vote was taken.

PRESIDENT JOHNSON: As every man and woman in the room has risen, the chairman has no need, whatever, to put the negative. There is no negative.

The chair now recognizes Mr. Frederick J. Koster of San Francisco. (Applause.)

MR. KOSTER: Mr. Chairman Alba Johnson who has so wonderfully presided here, Mr. President Farrell who has been such a wonderful friend to us in bringing this thing about, and good old O. K. Davis laboring night and day to make this thing a perfect success not only here but during the months that have intervened between the last convention and this, and you, Mr. Foord and Father Walsh with your wonderful tribute, can you imagine, you who are gathered here, what rests upon me to make adequate response to all this? I, personally, am placed in a peculiar position because from me there is a debt of gratitude to so many.

As Chairman of the San Francisco executive committee, I have had almost nothing to do and so there is, from me, only utterances of gratitude to the many factors involved.

We feel, Mr. Farrell and gentlemen, that this little San Francisco has tried to represent the Pacific Coast and we merely do the task for the Pacific Coast. We feel that there rests upon us a peculiar obligation in the development of the foreign trade of the nation because we San Franciscans are the trustees who occupy one of the world's great strategic gateways of commerce. We feel our responsibility and we want to make our contribution to the national welfare through living up to that responsibility.

Now I want you San Franciscans who are here to join with me in a great tribute to those who have made this thing possible. This means more to the whole Pacific Coast, perhaps, than anything since we had our great exposition here. We have had the most wonderful response from the cities of the Pacific Coast—Los Angeles, Seattle, Tacoma, San Diego, Oakland, Alameda, Berkeley, the cities surrounding the bay, Portland, all the cities, in fact, vied with each other to make this a great success; and then the individuals, little C. P. Converse, the secretary of Pacific Coast Committee, I wish you could know what he has done in handling the details of this; and men like Larry Harris, Billy Hammer and Billy Humphrey. There are so many I can hardly name them all.

Then there is the work done by the women under Mrs. Sanborn, Mrs. Humphrey, Miss McKinstry and others. Our newspapers have done some great work, too. It is interesting what our San Franciscan newspapers will do when the thing is big enough. They have come through wonderfully. We must give them praise for that.

Charley Moore, and John Hanify, and then the Supervisors Committee, Mr. Welch and Mr. Power, and others, have helped us in every possible way. The Chamber of Commerce, the Foreign Trade Club and all the organizations have helped wonderfully, and so from myself as an individual there is a great debt of gratitude to all of these who have made this convention possible. And now from San Francisco to those who have come from all parts of the country and from all parts of the world—and this has been a most unique international gathering for San Francisco—again I want to express our deep sense of gratitude. (Applause.)

PRESIDENT JOHNSON: The chair recognizes Mr. J. J. Donovan of Bellingham, Washington.

MR. J. J. DONOVAN (Bellingham, Washington): Mr. Chairman, Ladies and Gentlemen of the Convention: It is hardly necessary for me on behalf of the people of the North to second the kind things, the truthful things that have been said about the gentlemen who have preceded me, but I like to think of the last four days of this convention as if we had been on board a great ocean liner manned by men of experience, officered by those of the highest efficiency and carrying as passengers people from every

nation dwelling together in peace and harmony, making of this a great peace ship in the best sense, seeking to bring about a better understanding, better living conditions, better moral conditions, also, if you please, among all those whom we represent, the people of this country, the people of the Orient, the people of South and Central America, all the people who have had the privilege as passengers on this ship, to gather in this hall and hear from day to day the words that have gone out, of instruction and of hope and of courage. I feel that it has been the privilege of a life time for us to come here, enjoy your hospitality, receive the instruction that has come from so many able minds and to realize that we were on a peace ship that meant exactly that. Peace due to better understanding; peace due to personal contact with the men of many nations and a peace that will expand and grow and lessen the misunderstandings as our commerce expands the world over.

Now whom have we to thank for this gathering in the last analysis? Because these things, ladies and gentlemen, do not come by accident, they come because of the foresight and the vision and the ability and the understanding of some few men, and those few men are the officers of this ship which is now safely in port where you and the officers and all of us are about to scatter to our homes. They are the captain on the bridge, Mr. James A. Farrell of New York (Applause), who some ten years ago saw from his busy life that if the United States was to become a great commercial nation it must realize that many of its own resources had been developed and it must now go out and help develop the resources of the other nations of the world, and who called together a few men in what was known as the Foreign Trade Council which has expanded and grown and brought about conventions such as this with results such as I have just spoken of and which are self-evident. There, ladies and gentlemen, is the man back of all this, supported by his able chief engineer, Alva B. Johnson, who has been to all these conventions but one; and by his talented officer, Mr. O. K. Davis, who, when the gang plank is down and the chief engineer relinquishes his hold on the throttle and the captain has gone ashore, will still remain doing the work of the ship, making permanent the work of this convention.

I think, Mr. Chairman, I have said enough, but I do realize, and I know you all realize, the debt of gratitude we owe to these three men and also to all of these gentlemen of San Francisco, to

all you people whose hospitality has been unequalled, which hospitality has maintained the fair name of San Francisco and California to its highest standard, and I ask all of you to rise in thanks to these three gentlemen in appreciation of their work.

A unanimous rising vote of thanks was given.

CAPTAIN DOLLAR: I am not on the program, but I think that is a little too mild and I want to ask every one present to give three rousing cheers.

Three rousing cheers were given, led by Captain Dollar. (Applause.)

PRESIDENT JOHNSON: The chair recognizes Mr. J. K. Armsby of San Francisco.

MR. J. K. ARMSBY (San Francisco): Gentlemen, the reason that the objective of many conventions is not realized is because they meet, they listen, they pass appropriate resolutions, go home and forget it. This trip is not merely a junket. You are here for a serious purpose. We want to tell you a message, and we want you to go home and sell it to your people. You have heard here that the foreign trade we have to-day is largely in spite of Washington. We have had comparatively little help. Part of it is the fault of Washington and part of it your fault because you have not done your part, your duty. You have not sold the message in the community in which you live. You have gone home and forgotten it and have let your officers do the work. They can do comparatively little unless they are backed up.

We ask you to go home and sell this message to your boards of trade and chambers of commerce. Write your representatives, ask them what they have done and what they are going to do. Tell them what we need. Tell them it will spell the difference between prosperity or trouble in the next few years. A great firm succeeds when its salesmen are selling every day, when they are always at work. We cannot get anywhere in Washington unless you work and back your officers up. If you will do that, when the next convention comes along I am satisfied your officers will report great progress.

We have competitors who play the game and their governments back them up to the limit. We cannot compete unless our government backs us up, because the handicap is too great. Once

more I ask you, when you go back, take this message to your people and sell it. (Applause.)

PRESIDENT JOHNSON: The chair recognizes Mr. Robert H. Patchin.

MR. ROBERT H. PATCHEN (New York): The remarks which I now wish to make are a duty on behalf of you all and a profound pleasure to me. I had the privilege of being Mr. O. K. Davis' predecessor in the position that he now occupies and for that reason I think I speak with some authority regarding the position of secretary of the National Foreign Trade Council and secretary of these annual Foreign Trade Conventions.

Mr. Davis is a permanent link between each one of you and the National Foreign Trade Council, between you and the other organizations which are working all together in their different ways for the advancement of the interests of the foreign trade of the United States. He brought to this position great resources and experience and acquaintance throughout the United States.

From the time that the first convention assembled in Washington in 1914 until now, there has been a steady and undeviating development of the research work of the Foreign Trade Council in the interims between the conventions and in the organization of the successive conventions. Mr. Davis has surrounded himself with able assistants and has omitted no opportunity to carry the work to a high stage of development, until the combined results of the work of the Council and the efforts and participation of the delegates in this convention as embodied in the proceedings, is a work of high professional excellence, if I may use that term.

I have read during the last year a good deal of the literature and reports of foreign trade organizations in other countries. They are all endeavoring to perfect their foreign trade methods and I think it is a fair statement that the proceedings of the National Foreign Trade Conventions outrank them all in practical quality and authoritative statements of the problems which we are called upon to meet.

In regard to Mr. Davis' personality, his tact, affability and his executive ability, it is unnecessary for me to say anything whatever, as that is patent to you all. I desire to move a vote of thanks to Mr. Davis and his assistants headed by Mr. LeRoy, who have done so much to advance the interests of our foreign

trade, with the co-operation of the committees of the Pacific Coast, and to insure the success of this convention. (Applause.)

MR. W. H. HAMMER (San Francisco): I second the motion. The motion was carried.

PRESIDENT JOHNSON: The chair recognizes Miss Jane Carroll of Brooklyn, N. Y. (Applause.)

MISS JANE CARROLL (New York): Mr. Chairman, Delegates of the Convention and San Franciscans: For many years it has always seemed to me that California must be heaven, and since all of us ladies, the co-partners of the delegates, here have experienced the open-hearted, sincere, and most charming hospitality on the part of the ladies of the San Francisco Committee and Mrs. Sanborn, I am sure it is heaven.

It has long seemed to me that we might obtain support for all the problems touching our foreign trade if each of the delegates here who influence the employees of their factories and organizations would bring home to those employees the problems in a very simple way. I believe that could be done merely by the placing of a bulletin board at the exits for all laborers, including the manual laborers, diggers, etc. Merely place a couple of sentences on each subject upon the bulletin board once or twice a week, which would bring home to those men the fact that the commodities they manufacture really go across the ocean in exchange for the money that goes into their pockets and feeds their own children. (Applause.)

PRESIDENT JOHNSON: The chair recognizes Mr. H. C. Lewis of New York.

MR. H. C. LEWIS (New York): Mr. Chairman and Delegates of the Convention: We owe a deep debt of gratitude to the speakers on the program. Many of them have come long distances and given a great deal of time. Several of the speeches required days of preparation. The statements made were for the benefit of our country and of the world, and not for selfish interests. That shows the effect of American thought and ambition. With the speakers to whom I have talked, I find great satisfaction in the convention and in its results, and that is their reward. In addition, let us give them a very hearty vote of thanks, of gratitude and of good-will. I move that, Mr. Chairman.

The motion was seconded and carried.

PRESIDENT JOHNSON: The chair recognizes Mr. E. H. Huxley of New York.

MR. E. H. HUXLEY (New York): Mr. Chairman, I desire to offer the following resolution: That the thanks of the convention be extended to the Foreign Trade Advisors, and particularly the Foreign Trade Advisory Committee who have done so much to make the convention a success. (Applause.)

The motion was seconded and carried.

SECRETARY O. K. DAVIS (New York): Mr. Chairman, Ladies and Gentlemen: I want to express briefly my personal appreciation and thanks for the resolution which you have taken in my own case as regarding my own connection with the convention, and I want to do what I can to express my feeling of what is literally a mere matter of justice in that case, to express my feeling of obligation, my recognition of obligation for the extraordinary loyal, effective, unwavering support and assistance not only of those immediately associated with me in the New York office of the Foreign Trade Council, chief of whom is Mr. Edward A. LeRoy, Jr., the Assistant Secretary of the Foreign Trade Council, but also to refer to—and I do it with genuine feeling—the very unusual and exceptional support that has been given to this convention, not only from the time when it was determined by the National Foreign Trade Council a year ago that the convention should be held here, but for years prior to that by Mr. C. P. Converse, the Secretary of the San Francisco Committee. (Applause.)

There is a great burden of detail connected with the organization of one of these conventions. In the New York office the great bulk of that detail has been looked after with the greatest intelligence and ability by Mr. LeRoy. I owe him personally an obligation of gratitude for which this is a very feeble acknowledgment.

The work that has been performed by Mr. Converse is of a character which it is very difficult for me to attempt to describe. I say that it began before the Foreign Trade Council determined to hold this convention in San Francisco. It began, as a matter of fact, away back at the time of the Third National Foreign Trade Convention held in New Orleans, which was the first of these conventions that Mr. Converse attended; and he realized instantly the importance of holding such a convention on the Pacific Coast, and that is when he began the work that culminated in the holding of

this convention here. He began his work in a very effective way. He took delegations from the Pacific Coast to the succeeding conventions until it became a matter of honest obligation to come back with a convention out here.

Since it was determined to hold the convention here, Mr. Converse has been on the job day and night, all the day and a great deal of the night and a great many nights. The amount of detail, the amount of correspondence, the amount of cable communications, telegrams and the mass of the work that that man has done is beyond what I can describe to you in this way.

Mr. Converse and the convention and the Foreign Trade Council have been assisted by another gentleman of the same kind of extraordinary ability that Mr. Converse has, and that is by Mr. Edward H. Hurlbut, who has had charge of the publicity work connected with this convention. The analysis of the convention, of the purpose, of the meaning, of the thing to be accomplished by the convention, which Mr. Hurlbut has made; his grasp of the thing from the beginning and the ability which he has displayed in presenting that matter to the newspaper press of the country, has had a remarkable and powerful, and I believe a continuing, effect upon the development of the interest of the people of the United States in foreign trade, and that is the heart of the problem. (Applause.)

We have got to educate the people of the United States to the fact that every man, woman and child in this country has a direct interest in the maintenance of foreign trade. (Applause.) The primary agency of that education is the public press.

I feel about this convention here, well, if I might be permitted to paraphrase the remark of that distinguished Republican politician, Uncle Joe Cannon, I would say, "This convention has been a hell of a success." (Applause.) It has been that because among other things the newspapers of the Pacific Coast have shown a constant, intelligent understanding; and not merely San Francisco, but Los Angeles, Portland, Seattle, Tacoma, Oakland and all the bay cities have reflected this interest. The newspapers have begun to put the thing over in the country, and we are going to feel that effect coming back. (Applause.)

MR. F. J. KOSTER (San Francisco): Mr. President Johnson, may I have just one little word? I am very pleased with the reference that Mr. Davis has made to the work of Charley Converse

and Ed Hurlbut; and I just want you San Franciscans—and I am speaking to the San Franciscans now—to understand who has been responsible for this wonderful temple which we have all so greatly enjoyed. I called Albert Lansburgh into the room and I told him that I looked to him to make the Auditorium beautiful; and he worked day and night, and I think we must agree, we San Franciscans, that he made it beautiful. (Applause.)

SECRETARY DAVIS: I want to add one thing about the proceedings of this convention. A stenographic record has been made of all the general sessions and all the group sessions. As promptly as can be done with the printing situation, we shall be ready to print the volume of the proceedings of the Seventh National Foreign Trade Convention. Every registered delegate at this convention will receive, as a part of the return which he gets for his registration, one copy of that volume of proceedings. Additional copies may be obtained in such number as delegates may desire by the filing of orders with the office of the Foreign Trade Council in New York City. The price for additional copies will be \$2.50. If those orders are sent in in time to enable us to take account of them in giving the printing order, we will be able to supply them in quantity.

MR. WM. PIGOTT (Seattle, Washington): In every great effort there are privates just as well as generals. I know it was not intentional, but I have listened with a great deal of pleasure to the eulogies expressed by the different speakers on the different officers of this organization and the men who have made it a success, and I thought it fitting to call the attention of the chairman to the fact that there is another element in the success of these great conventions that is just as essential as the secretaries, the presidents and the other officers, and that is the rank and file and the workers in the ranks. (Applause.)

The support that I received in the Northwest and the help that came to me in the way of bringing a large delegation to this convention, came from the business men, the men who belonged to no organization but who had a great interest in the development that we have undertaken, and I wish to express the thanks of the convention to the delegates, to the men and the women who have left their busy employment and have taken the time—men of ordinary means—and spent their money to come to this convention to try

and help swell the crowd and make it a success; and particularly to the representatives of foreign countries, men who have come overseas, who have traveled thousands and thousands of miles and have spent months of their time away from their business with just one idea and one desire—to make this great convention the success that it has been. I offer the thanks of the convention to that element in the convention.

MR. H. H. RUMBLE (Norfolk, Virginia): In connection with what the secretary has just said about the printing of the proceedings, may I ask whether copies of the report of the General Convention Committee will be available for distribution before the final report is presented?

SECRETARY DAVIS: Yes, Mr. Rumble, copies of the final declaration will be given to the press immediately. They will be mimeographed here and will be ready as far as we can get them ready in that shape, for immediate distribution. As soon as we get back to New York they will be printed in a separate leaflet and will be ready in any number for distribution in that form.

MR. RUMBLE: I am glad to hear that. I asked the question because that report has a high educational value and it ought to be read before every chamber of commerce and commercial organization represented here, and it ought to be read while it is hot, while the interest in the proceedings is alive, and I hope we may very promptly have that report.

SECRETARY DAVIS: That is the regular method of distribution of it, Mr. Rumble.

MR. LATHAM McMULLIN (Philadelphia, Pa.): Might I suggest further that extra copies of the report of the General Committee be mailed to the delegates in order that they may in turn send those to their congressmen and representatives with personal letters in order that Mr. Armsby's suggestion might be carried out, that we bring this convention to bear on the people who represent us in Washington.

SECRETARY DAVIS: I will be glad to follow that suggestion. It is a good one and I am glad to have it.

PRESIDENT JOHNSON: We have now concluded the work of the convention. If any of the delegates present have anything further to offer, the opportunity is afforded them.

SECRETARY DAVIS: May I add one word to what Mr. Pigott said about the support of the rank and file. No one knows any

better than I how genuine, thorough, substantial and effective that has been, and how it has come from chambers of commerce, trade organizations, commercial clubs, men in the organization and individuals all over the country, and it has been a very effective agency in making the convention successful.

PRESIDENT JOHNSON: The chair recognizes Mr. M. H. Houser of Portland, Oregon.

MR. M. H. HOUSER (Portland, Oregon): Ladies and Gentlemen: Between my shortcomings as a talker and hoarseness, I am not going to bother you long, but I want to recognize the sentiments of Mr. Pigott about the good representation that has come here from the Northwest, and I want to say there was a trainload from Portland. We have appreciated the courtesies of San Francisco.

In some localities out here in the West we have been a little bit out of touch with foreign trade, but I want to assure you we are all interested up there in the Northwest and I think that is reflected in the numbers that have come down here. When you count the delegates from the Northwest, they have made a good representation, and I want to thank the rank and file that have come down here. Many of them have come when it was hard for them to get away, and I want to express to the officers of this convention the able manner in which it was handled and the extreme, deep appreciation of our delegation for it. (Applause.)

PRESIDENT JOHNSON: The proceedings of the convention having terminated, there is nothing more to be said except to say how glad we are that the people of San Francisco extended this invitation to us, how much we have enjoyed their hospitality, how efficient all the arrangements have been and with what happy recollections we shall look back upon the useful work of this week.

The Seventh Convention of the National Foreign Trade Council is now adjourned.

ADJOURNMENT.

DELEGATES TO THE SEVENTH NATIONAL FOREIGN TRADE CONVENTION

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Aagesen, K. V., Mgr.		
Bldg. Equip. Dept.	Anderson, Meyer & Co., Ltd.	Shanghai, China.
Aarhause, A. L.		San Francisco.
Abbot, S. L., Jr.,		
Mgr. Exp. Dept.	Mailliard Schmiedell	San Francisco.
Abbott, C. B., Pres.	Waterworks Supply Co.	San Francisco.
Abbott, E. G.	The Koster Co.	San Francisco.
Abel, Harry A., Di- rector.	American Savings Bank & Trust Co.	Seattle, Wash.
Ackhoff, H. W., Pres.	G. W. Sheldon & Co.	Chicago, Ill.
Adair, L. G., Gen. Mgr.	Adair & Co.	San Francisco.
Adams, Norman I., V. P.	National Shawmut Bank of Bos- ton	Boston, Mass.
Adler, P. M.	Hind, Rolph & Co.	San Francisco.
Aguilar, Arturo, Mgr.		
Latin-Amer. Dept.	California Paint Co.	Oakland, Cal.
	Foreign Trade Club	San Francisco.
Ahern, W. J., Pres.	Independent Trading Co.	San Francisco.
Ahlin, C. W.	Chas. A. Anderson & Co.	San Francisco.
Ahrens, C. W., Mgr.		
Exp. & Imp.	Getz Bros. & Co.	San Francisco.
Ainsley, J. C., Pres. & Mgr.	J. C. Ainsley Packing Co.	Campbell, Cal.
Ainsworth, H. B., V. P.	U. S. National Bank	Portland, Ore.
Albright, C. E.	Manufacturers Export Co.	San Francisco.
Aldridge, Earle.	Graton & Knight Mfg. Co.	San Francisco.
Alexander, E. R., Asst. Cashier.	Anglo & London Paris Natl. Bank	San Francisco.
Alexander, H. F., Pres.	Pacific Steamship Co.	Tacoma, Wash.
	National Foreign Trade Council.	New York City.
Alexander, S. C., Mgr. Export Dept.	Dodwell & Co., Ltd.	
	Foreign Trade Club	San Francisco.
Alexander, William E., Mgr. Latin- Amer. Dept.	Zellerbach Paper Co.	San Francisco.
Alfaro, M., U. S. Branch Mgr.	M. E. Solis & Co.	
	Foreign Trade Club	San Francisco.
Allan, C. E., Secy.	Continental Insurance Co., Fidelity-Phenix Fire Ins. Co., American Eagle Fire Ins. Co.	San Francisco.
Alleman, F. J., Freight Agent	Chicago, Milwaukee & St. Paul R. R.	Tacoma, Wash.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Allen, E. T., Asst. Secy.	S. F. & McKittreck Oil Co.	San Francisco.
Allen, A. H., Sales Mgr.	Crown Mills	Portland, Ore.
Allen, W. W., Mgr. For. Dept.	Union National Bank	Pasadena, Cal.
Allen, Wing B., Publisher	<i>The South American & El Norte Americano,</i> Associated Advertising Clubs....	New York City.
Alspach, G. L., Mgr.	Gilfillan Bros. S. & R. Co.	Los Angeles, Cal.
Alston, H.	Johnson & Higgins, Foreign Trade Club.....	San Francisco.
Alward, H. O., Asst. Mgr.	The Bank of Calif.	Tacoma, Wash.
Anderson, A. H., Sub-Manager	George Wills & Sons Co., Ltd....	San Francisco.
Anderson, B. Roy, Pres.	B. R. Anderson & Co.	Seattle, Wash.
Anderson, Frank B., Advertising Mgr.	Petroleum Products Co.	San Francisco.
Anderson, G. R., Pres.	Anderson Ellis & Co. Foreign Trade Club.....	San Francisco.
Anderson, Harry O.	University of California	Berkeley, Cal.
Anderson, V. L.	University of Washington	Seattle, Wash.
Anderson, W. G., Auditor	China Mail S. S. Co., Ltd.	San Francisco.
Anderson, W. W., Mgr. Export Dept.	Oil Well Supply Co.	Pittsburgh, Pa.
Anderson, Wm., Pres. & Mgr.	Eagle Brass Foundry Co.	Seattle, Wash.
Anderton, John Gayle, Asst. Cashier & Secy.	Anglo & London-Paris Natl. Bank	San Francisco.
Andrews, W.	W. Andrews. Foreign Trade Club.....	Cristobal & Balboa, Canal Zone.
Ankeny, R. V., 1st V. P.	Seattle National Bank	Seattle, Wash.
Anrys, Frank	Music Industries Chamber of Commerce	New York City.
Armer, Ernest J., Export Mgr.	Cohen Goldwater Co.	Los Angeles, Cal.
Armitage, Jas. T., Mgr. Export Sales.	Union Oil Co. of Calif.	San Francisco.
Armsby, J. K., Pres.	California Packing Corp..... National Foreign Trade Council..	San Francisco. New York City.
Armstrong, George.		San Francisco.
Armstrong, G. T., Mgr. Hankow Office	Andersen, Meyer & Co., Ltd. ... American Chamber of Commerce.	Hankow, China. Shanghai, China.
Armstrong, J. Evan, Pres.	Armstrong School for Private Secretaries	Berkeley, Cal.
Armstrong, Ian	Balfour, Guthrie & Co.	San Francisco.
Armstrong, T. J., Pres.	Noon Bag Co.	Portland, Ore.
Arndt, J.	The Koster Co.	San Francisco.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Arnold, C. F.	Lunham & Moore	San Francisco.
Arnold, Frank A., Mgr. Foreign Dept.	Frank Seaman, Inc., Amer. Ass'n. of Advertising Agen- cies	New York City.
Arnold, John J., Su- pervisor, Inter. Bus. Dept.	Bank of Italy	San Francisco.
	American Chamber of Commerce	Mexico City, Mex.
	National Foreign Trade Council..	New York City.
Arnold, Julian, Comm'l. Attaché ..	Bureau of Foreign & Domestic Commerce	Washington, D. C.
Aronson, Chas. S., President	Pittsburg Water Heater Co. of Calif. The National Gas Appliance Mfrs. Exchange. Pittsburg Water Heater Co. of Pittsburg	San Francisco.
Aronson, D. L., Sales & Merchan- dise Mgr.	Cahn Nickelsburg & Co.	San Francisco.
Asher, Albert, Pres..	Garcia & Maggini & Co.	San Francisco.
Ashton, James M., Counsellor at law..	Pres., Willapa Improvement Co.	Tacoma, Wash.
Aspden, T. Fred, V. P.	Park Union Foreign Banking Corp.	New York City.
Astredo, H. A., Mgr. Foreign Dept.	Braun-Knecht-Heimann Co.	San Francisco.
Asturias, M o r e n o Jose, Latin-Amer. Dept.	J. Aron & Co.	San Francisco.
Atkins, David	Atkins, Kroll & Co.	San Francisco.
Atwood, Harrison, V. P.	The H. K. McCann Co.	San Francisco.
Aubert, L. J., Asst. Cashier	Anglo & London Paris Natl. Bank	San Francisco.
Aughinbaugh, W. E., Foreign & Export Editor	New York Commercial New York University	New York City.
Austin, L. C.	Scott-Sugden & Lamont	San Francisco.
Austin, Walter W.	San Diego Chamber of Commerce	San Diego, Cal.
Autzen, Thos., Pres.	Portland Mfg. Co.	Portland, Ore.
Avenali, E., V. Pres.	The First National Bank of S. F.	San Francisco.
Averill, Miss May Reed, Coffee Dept., Asst. Mgr.	J. Aron & Co.	San Francisco.
Averill, A. H., Com- missioner	The Commission of Public Docks	Portland, Ore.
Avila, Henry, Asst. to the Mgr.	Fidelity Trust & Savings Bank..	Fresno, Cal.
Avison, J. B., V. Pres.	G. Batcheller Hall Co.	San Francisco.
Axelson, C. F., V. Pres.	Axelson Machine Co.	Los Angeles, Cal.
Axelson, J. C., Genl. Mgr.	Axelson Machine Co.	Los Angeles, Cal.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Aya, Alfred A., V. P., & Genl. Mgr.	Peninsula Industrial Co.	So. Boston, Mass.
Ayer, W. P. F., V. Pres.	Walworth Mfg. Co.	San Francisco.
Ayres, R. C., V. Pres.	Associated Advertising Clubs of the World	Portland, Ore.
Babbitt, E. G., Mgr. S. F. Dist. Office.	Bureau of Foreign & Domestic Commerce	San Francisco.
Babson, Walter S., Pres.	The Peerless Pacific Co.	Portland, Ore.
Bachelder, Carl A., Genl. Purchasing Agent	The Holt Mfg. Co.	San Francisco.
Bacigalupi, Jas. A....	Bank of Italy	San Francisco.
Baeder, J. J., Western Rep.	Stewart Warner Speedometer Corp.	Chicago, Ill.
Baen, C. E., Pres. ..	San Fran. Ass'n. of Credit Men, Anglo & London Paris National Bank, San Fran. Convention and Tour- ists' League	San Francisco.
Baer, Henry, Mgr. Coffee Dept.	J. Aron & Co.	San Francisco.
Bahler, G. A., V. P.	Bishop & Bahler	Oakland, Cal.
Bailey, F. M., Mgr. East Indies and Australasia Dept..	Getz Bros. & Co.	San Francisco.
Bain, R. B., Jr., Sales Mgr.	Closset & Devers	Portland, Ore.
Baird, Miss E. J., Export Mgr.	E. Kirstein Sons Co.	Rochester, N. Y.*
Baird, Wyllys W., Pres.	Chicago Association of Commerce	Chicago, Ill.
Bakemeyer, H. F....	The Lunkenheimer Co. of Cin- cinnati, O.	San Francisco.
Baker, D. R., Mgr. Shanghai Branch..	Edw. L. Soule Company	San Francisco.
Baker, E. O., Treas.	American Chamber of Commerce	Shanghai, China.
Baker, George L., Mayor	City of Portland	Portland, Ore.
Baker, George W. . .	Pacific Mail S. S. Co.	San Francisco.
Baker, Warren W., Pres.	Pennsylvania Steel Export Co..	Philadelphia, Pa.
Ball, B. C., Pres. ...	Willamette Iron & Steel Works..	Portland, Ore.
Bandmann, C. J.	The Koster Co.	San Francisco.
Bankell, George W., Traffic Mgr.	D. C. Andrews & Co., Inc.	New York City.
Banks, Harry	Banks-Hotchner Co. Foreign Trade Club.....	San Francisco.
Banta, C. W., V. P..	Wells Fargo Nevada Natl. Bank.	San Francisco.
Barber, John E.	Harris Forbes & Co.	New York City.
Barbour, J. A., Pres.	Durable Roofing Mfg. Co.	Portland, Ore.
Barclay, W. W., For- eign Dept.	New York Lubricating Oil Co....	San Francisco.
Barker, Jesse K.	Jones & Laughlin Steel Co.	Seattle, Wash.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Barker, L. M., Mgr. Mail Orders	Barker Bros.	Los Angeles, Cal.
Barnard, A. F., Mgr.	Belding Bros. & Co.	San Francisco.
Barnes, C. B., 1st V. P.	California National Supply Co..	Los Angeles, Cal.
Barneson, Hon. John, Honorary Consul	Dominican Republic	San Francisco.
Baron, Hon. Sergio A.	Consul, Colombia	San Francisco.
Barr, C. I., Secy.	Astoria Chamber of Commerce..	Astoria, Ore.
Barr, Harry K.	The Barr Shipping Co.	New York City.
Barrett, W. J., Pres..	Barrett Steel & Wire Co.	San Francisco.
Barron, E.	J. C. Ainsley Packing Co.	Campbell, Cal.
Barrios, Alberto, Mgr.	The Alberto Barrios Company..	San Francisco.
Barrios, O.	Barrios & Co.	San Francisco.
Barrows, David P., Pres.	University of California	Berkeley, Cal.
Bartells, E. J., Secy. & Mgr.	Wood Pipe Export Co. Manufacturers' Association	Seattle, Wash.
Barth, Harvey H. ..	George E. Billings Co.	San Francisco.
Barthold, R. M.	California Packing Corp.	San Francisco.
Bartholomew, J. B., Pres.	Avery Company	Peoria, Ill.
	National Implement & Vehicle Assn.	Chicago, Ill.
Bartlett, R. R., Mgr. & Chief Eng.	Port of Astoria	Astoria, Ore.
Barton, J. C., Mgr. S. F. Branch	The Berger Mfg. Co., Canton, O.	San Francisco.
Bateman, W. Q., Gen. Mgr.	Montgomery Ward & Co.	Portland, Ore.
Bauder, R. D., Mgr. San Francisco Branch	Advance-Rumely Thresher Co., Inc.	San Francisco.
Baumgartner, A. C., V. Pres.	Hawaiian Pineapple Co., Ltd....	San Francisco.
Bausch, M. S., Asst. Mgr. Foreign Dept.	The Equitable Trust Co. of N. Y.	New York City.
Baxter, A. A., Genl. Mgr.	Douglass Fir Exploitation & Ex- port Co.	San Francisco.
Baxter, Harold K., Pacific Coast Mgr.	China, Japan & So. America Trad- ing Co., Ltd.	San Francisco.
Bayer, Charles P., Secy.	Pomona Chamber of Commerce.	Pomona, Cal.
Bayne, Kokichi	Tozaiyo Trading Co.	Yokohama, Japan.
Beal, Chas. L.	Montague Range & Furnace Co..	San Francisco.
Beardsworth, H. E. P.	N. Gray & Co., Inc.	San Francisco.
Beatty, William J., Asst. Foreign Sales Mgr.	The J. G. Brill Company	Philadelphia, Pa.
Beckley, Wm. J., Mgr.	Cove & Herbert	Seattle, Wash.
Beckman, John Wood	Altoona Chamber of Commerce.	San Francisco,

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Bedford, A. C.	Standard Oil Company of New Jersey	New York City.
	U. S. Chamber of Commerce....	Washington, D. C.
	National Foreign Trade Council..	New York City.
Bee, Everett N.	Otis McAllister & Co.	San Francisco.
Beebe, Frederick,		
Mgr.	Frederick Beebe & Co.	Tacoma, Wash.
Beebe, Herbert F.,		
Mgr. Foreign Dept.	Winchester Repeating Arms Co..	New Haven, Conn.
Beecroft, David, Di-		
recting Editor	The Class Journal Co.	New York City.
Beedy, W. L., Asst.		
Mgr.	Sperry Flour Co.	San Francisco.
Beer, W. A., Secy..	Arcata Chamber of Commerce..	Arcata, Cal.
Beesmyer, C. S.,		
Secy. & Treas.	Gilmore Petroleum Co.	Los Angeles, Cal.
Behr, W. G. L.	California Packing Corp.	San Francisco.
Belknap, Charles,		
Pres. & Genl. Mgr.	General Steamship Corp.	San Francisco.
Bell, F. A., Traffic		
Mgr.	Associated Terminals Co.	San Francisco.
Bell, H. F., Foreign		
Frt. Traffic Mgr..	Erie Railroad Co.	New York City.
Bell, J. P., Pacific		
Coast Mgr.	Standard Underground Cable Co.	San Francisco.
Bellinger, Col. J. B..	Q. M. C., U. S. A.	Manila, P. I.
Bement, C. E., V. P.,		
& Genl. Mgr.	Novo Engine Co.	Lansing, Mich.
Bendheim, Ferd,		
Sales Mgr. Export		
Dept.	Aluminum Products Co.	San Francisco.
Benham, C. J., Pres.	W. A. Ives Mfg. Co.	Wallingford, Conn.
Benjamin, B. A.,		
Secy.	Willits and Patterson.	
	Foreign Trade Club.....	San Francisco.
Bennett, H. J., Frt.		
Agent	United States Steel Products Co.	San Francisco.
Bentley, C. H., V. P.,		
& Genl. Sales Mgr.	California Packing Corp.....	San Francisco.
Benzeman, C. M.,		
Director	Litvinoff Company	Hankow, China.
Beran, E., Office &		
Credit Mgr.	Cahn Nickelsburg & Co.	San Francisco.
Berger, Otto A.,		
Pres.	Berger and Carter Co.	San Francisco.
Bergin, Leo P., Asst.		
Secy.	Los Angeles Soap Co.	Los Angeles, Cal.
Bernard, Robt. J.,		
Asst. to the Pres..	Pomona College	Claremont, Cal.
Bernhard, E. A., Ex-		
port Dept.	U. S. Steel Products Co.	San Francisco.
	China Commerce Club.	
	American Chamber of Commerce	
	for Spain	Barcelona, Spain.
Bernheimer, Charles		
L., Chairman	Committee on Arbitration, New	
	York Chamber of Commerce..	New York City.
Bernstein, Louis	Macondray & Co.	San Francisco.
Bernstein, Sylvan L..	Lazare Klein Company	San Francisco.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Berry, E. J.	Whitfield, Whitcomb & Co.	Portland, Ore.
Bessolo, W. L.	Bessolo Patent Wrenches & Pliers	San Francisco.
Best, C. L., Pres....	C. L. Best Gas Traction Co.	San Leandro, Cal.
Best, William, Jr.,		
Dist. Sales Mgr. ..	Jones & Laughlin Steel Co.	San Francisco.
Beyfuss, O. J.	C. Beyfuss Co.	San Francisco.
Biard, R. P., Treas...	William Pagen & Son	Sulphur Springs, Tex.
Bier, Arthur S., Mgr.		
Import Dept.	Henry W. Gutte & Co.	San Francisco.
Biggins, Arthur E.,		
Mgr.	Victory Oil Engines	San Francisco.
Bill, L. H., Pres. ..	Fageol Motors Co.	Oakland, Cal.
Bird, Arthur R., Pa-		
cific Coast Mgr....	Thomas Publishing Co. of N. Y.	
	Foreign Trade Club.....	San Francisco.
Birnie, John	American Foreign Service Corp.	
	Smith-Eisemann Corp. of America	New York City.
Bishop, C. M., V. P.,		
& Mgr.	Pendleton Woolen Mills.	
	Commercial Association	Pendleton, Ore.
Bishop, C. P.	Salem Woolen Mills Store	Salem, Ore.
Bishop, L. R., Pres.	Bishop & Bahler	San Francisco.
Bishop, Roland P. ..	Bishop & Co.	Los Angeles, Cal.
Bishop, Roy T.,		
V. P. & Mgr.	Oregon Worsted Co.	Sellwood P. O., Portland, Ore.
Bishop, W. T., Di-		
rector	The Biscuit & Cracker Mfg. Co., Inc.	
	Association of Cracker Mfrs....	New York City.
	Bishop & Co.	Los Angeles, Cal.
Bjølstad, A.	Chancellor of Norwegian Con-	
	sulate	San Francisco.
Black, Geo. N.	Oregon Export-Import Co.	Portland, Ore.
Blackmar, M. E.,		
Mgr. Import Co. ..	Paul I. Fagan Co.	San Francisco.
Blacknall, Vol T.,		
Asst. to the Mgr...	National Mercantile Corp.	San Francisco.
Blagen, N. J., Pres.	Gray's Harbor Lumber Co.	Portland, Ore.
Blake, L. S., Cashier.	C. Henry Smith	San Francisco.
Blakeway, Miss E. R.,		
Credit Mgr.	Richardson & Holland, Inc.	Seattle, Wash.
Blalock, Shirl H.,		
Mgr. Seattle Dist.		
Office	Bureau of Foreign & Domestic Commerce	Seattle, Wash.
Blanc, A. S., San		
Francisco Repr. ..	Consolidated Steel Corp.	San Francisco.
Bley, Adolfo, Pres..	Banco de Sonora	Sonora, Mexico.
Block, Louis, Genl.		
Mgr.	Crown Willamette Paper Co.	San Francisco.
Blodgett, D. L.,		
Secy.-Mgr.	Pacific Export Lumber Co.	Portland, Ore.
Blodgett, S. W., Genl.		
Agent	Caldwell Shipping Co.	Seattle, Wash.
Blodgett, W. E.,		
Advertising Mgr. .	The Autocar Company	Ardmore, Pa.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Blomberg, Hjalmar		
Capt., Special Repr.	Johnson Lines	San Francisco.
Bloom, Samuel,		
V. Pres.	S. H. Frank & Co.	San Francisco.
Blum, H. F.,		
Mgr. Latin-Amer.		
Dept.	M. Phillips & Co.	San Francisco.
Blum, Max, Mgr. Ex-		
port Dept.	Levi, Strauss & Co.	San Francisco.
Blum, M. T.	M. T. Blum & Co.	San Francisco.
Blumlein, Emil,		
Treas.	Sussman, Wormser & Co.	San Francisco.
Boardman, Geo. C.,		
V. P.	San Francisco Chamber of Com-	
	merce	San Francisco.
Boehrginer, Rudolph,		
Secy.	National Oil Products Co.	Harrison, N. J.
	Boera Bros.	New York City.
Boera, Alvaro	American Chamber of Commerce	
	for Spain	Barcelona, Spain.
Bogardus, C. E.,		
Pres.	Newhall, Bogardus & Knisely, Inc.	Seattle, Wash.
Bogart, Ernest L.,		
Asst. Acting For-		
eign Trade Ad-		
visor	State Dept.	Washington, D. C.
Bollman, Fred K.,		
Exec. Dept.	Hart, Schaffner & Marx	Chicago, Ill.
Bond, George A. &		
Co.		New Brunswick,
		N. J.
Bonnifield, S. A., San		
Francisco Branch		
Mgr.	Standard Felt Co.	West Alhambra, Cal.
Bonnist, N., Pres. &		
Treas.	The Holland Commercial Co.	Cleveland, O.
Boone, Herbert S.,		
Asst. Vice-Pres.	The National City Co.	San Francisco.
Booth, W. L.,		
Genl. Mgr.	Judson Mfg. Co.	San Francisco.
Borden, E. M., Mgr.	Pacific Ports	San Francisco.
Borland, A. H.,		
Traffic Mgr.	M. Phillips & Co.	San Francisco.
Borthwick, John A.	Standard Sanitary Mfg. Co.	San Francisco.
Boschke, Geo. W.	Portland Commission	Portland
	Docks	Portland, Ore.
Bosque, Hon. P. Ro-		
mero, Jr.	Consul of El Salvador	San Francisco.
Bosschart, Daniel I.		
Sales Mgr.	Eng-Skell Company	San Francisco.
Boswell, A. B.,		
Exp. Mgr.	Brownstein-Louis Co.	Los Angeles, Cal.
Botsford, F. L., Pres.	United Commercial Co.	San Francisco.
Botts, J. M., Pres.	American Marine Paint Co.	San Francisco.
Bourret, Geo. R.	Local Foreign Trade Club	San Francisco.
Bovey, J. C., Asst.		
Cashier	Mercantile National Bank of San	
	Francisco	San Francisco.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Bowles, Geo. M., Cashier	American National Bank	San Francisco.
Bowman, A. A., Genl. Frt. & Passenger Agent	California Transportation Co. ...	San Francisco.
Boyce, A. J., Pacific Coast Repr.	Interstate Iron & Steel Co. of Chicago, Ill.	San Francisco.
Boyd, R. T., Secy.	Bishop & Bahler	San Francisco.
Boyer, W. E.	Willits & Patterson Foreign Trade Club	San Francisco.
Boylan, David W., Pacific Division Mgr.	H. W. Johns-Manville Co.	San Francisco.
Bozeman, W. T., Traffic Mgr.	S. L. Jones & Co.	San Francisco.
Brabant, M. de, Asst. Gen. Traffic Mgr.	Los Angeles-Salt Lake Railway. Los Angeles Pacific Navigation Co.	Los Angeles, Cal.
Brackett, K. L., Pacific Coast Mgr.	Air Reduction Sales Co.	Emeryville, Cal.
Brady, J. B.	U. S. Rubber Export Co., Ltd.	San Francisco.
Brand, Hon. Arthur. Acting Consul, Spain		San Francisco.
Brandow, R. C., Mgr. Central West.	American Exporter	Cleveland, O.
Brandt, O. T., Traffic Export Mgr.	The Phez Co.	Salem, Ore.
Bransten, Charles.	M. J. Brandenstein & Co.	San Francisco.
Bransten, Edward.	M. J. Brandenstein & Co.	San Francisco.
Brandenstein, M. J.	M. J. Brandenstein & Co.	San Francisco.
Bravo, Edwardo Sori- ano	Consul of Mexico	San Francisco.
Bray, J., Asst. Treas.	Western Electric Co.	San Francisco.
Brayton, Wilbur.	Rogers Brown & Co.	San Francisco.
Bremner, Jas.	Mayor of Astoria, Ore.	Astoria, Ore.
Brennan, Charles J.	Connell Bros. Co.	Seattle, Wash.
Brett, H.	Associated Mfrs. Importing Co. Foreign Trade Club	San Francisco.
Breyer, Samuel T., Pres.	San Francisco Advertising Club.	San Francisco.
Brigham, R. D., Asst. to Pres.	Anglo Calif. Trust Co.	San Francisco.
Brinker, L. A.	The Koster Co.	San Francisco.
Bristol, Harlan B.	The Hicks-Judd Co., Inc.	San Francisco.
Bristol, William C.	American Steamship Co.	Portland, Ore.
Brock, J. E., Secy.	Mississippi Valley Trust Co., Foreign Trade Bureau of the St. Louis Chamber of Commerce.	St. Louis, Mo.
Brode, A. C., V. P. & Sales Mgr.	Los Angeles Soap Co.	Los Angeles, Cal.
Broderick, Joseph A., V. P.	National Bank of Commerce.	New York City.
Broderick, W. F.	California Barrel Co., Associated Cooperage Industries of America	San Francisco.
Brooke, Henry L.	American Chamber of Commerce of Mexico	Mill Valley, Cal.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Brooks, Thos. W., Asst. Mgr. of Sales	U. S. Steel Products Co.	San Francisco.
Brosseau, D. M., Auditor.....	Pacific American Fisheries	Bellingham, Wash.
Brough, T. W., Mgr.	U. S. Steel Products Co.	McLeod House, Cal- cutta.
Brown, Albert, Genl. Mgr.....	Oil Well Supply Co.	Los Angeles, Cal.
Brown, Arthur T., Export Salesman..	John A. Roebling's Sons Co. of Calif.	San Francisco.
Brown, Chas. E., Mgr.....	Swayne & Hoyt, Inc.	San Francisco.
Brown, C. Rogers, Pres.....	Rogers Brown & Co.	Seattle, Wash.
Brown, David L., Mgr. of Export Ad- vertising	The Goodyear Tire & Rubber Co., The Assn. of Natl. Advertisers..	Akron, O.
Brown, Frank A....	H. M. Newhall & Co.	San Francisco.
Brown, Harry, Mgr. San Francisco Of- fice	Dyson Shipping Co., Inc.	San Francisco.
Brown, Herbert Cut- ler.....		Los Angeles, Cal.
Brown, Irving L., Secy.....	Chicago Furniture Market Assn.	Chicago, Ill.
Brown, Walter H., Asst. Cashier.....	Northwestern National Bank of Portland	Portland, Ore.
Brown, W. R., Pacific States Mgr.	Monroe Calculating Machine Co. of Orange, N. J.	San Francisco.
Brusher, Gerald J., Asst. Sales Mgr....	Standard Gas Engine Co.	East Oakland, Cal.
Bryant, W. R., Traffic Mgr.....	Frazar & Company	New York City.
Buchtrup, Poul, Courier de la.....	Delegation Royale Danoise	Irkutsk, Siberia.
Buck, Frank H., Pres.	Frank H. Buck Co.	San Francisco.
Buckingham & Hecht.....		San Francisco.
Buckley, D. T., Auditor	Robert Dollar Co.	San Francisco.
Buckley, John R., Sales Mgr.	Cornell Wood Products Co.	Chicago, Ill.
Budinger, Frederick, Secy. & Treas.....	Keith Bros. & Co.	Chicago, Ill.
Buencamino, Felipe Jr.	Manila Merchants Assn.	Manila, P. I.
Buerk, P. G., V. P..	Liberty Steel Products Co.	New York City.
Bugbee, Milton L., V. P.	The Haywood Company	Shanghai, China.
Bulla, Robert N., Secy. & Mgr.....	National Councillor, Los Angeles Chamber of Commerce, Central Oil Co.	Los Angeles, Cal.
Bume, Theo.		San Francisco.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Burckhardt, C. A., Pres.	Alaska-Pacific Fisheries	Portland, Ore.
Burdette, C. M., V. P. & Genl. Mgr.	The Sharples Separator Co.	West Chester, Pa.
Burdick, A. E., Asst. Mgr. Export Dept.	M. Phillips & Co.	San Francisco.
Burditt, Frederic M., Foreign Dept.	Kistler Leather Co.	Boston, Mass.
Burgard, John H., Commissioner	The Commission of Public Docks	Portland, Ore.
Burgers, H. A., Branch Mgr.	Marden, Orth & Hastings Co., Inc.	San Francisco.
Burgess, George S., Asst. Professor of Political Economy	Pomona College	Claremont, Cal.
Burnham, R. W., Mgr.	R. G. Dun & Co.	Los Angeles, Cal.
Burrell, David W., Mgr.	Lerner Waist Co.	San Francisco.
Burt, F. S., Mgr. San Francisco Office....	Pacific Export Lumber Co.	San Francisco.
Burton, Frank V., Genl. Sales Mgr....	The Bryant Electric Co.	Bridgeport, Conn.
Buterbaugh, Marc....		Oakland, Cal.
Butler, C. E., Pacific Coast Mgr.	John Lucas & Co., Inc.	Oakland, Cal.
Butler, H. O., Pres....	Butler-Nickerson Co.	San Francisco.
Butler, William J., Pacific Coast Repr.	Kelley's Directories, Ltd., S. E. Hendricks Co., Inc.	San Francisco.
Butterfield, B. F., Mgr., Flour & Ce- real Dept.	M. Phillips & Co.	San Francisco.
Bruzzone, F. J., Asst. Sales Mgr.	Baker-Hamilton & Pacific Co. ...	San Francisco.
Byers, D. K., Busi- ness Mgr.	Hanlon Dry Dock & Shipbuilding Co.	Oakland, Cal.
Byers, J. J., Sales Agent	The National Malleable Castings Co. of Cleveland, O.	San Francisco.
Cabell, Jos. B.		New Orleans, La.
Cabrera, Robt., Secy. & Mgr.	Echeguren & Company, Foreign Trade Club.	San Francisco.
Caceres, H. B.	Consul of Argentina	San Francisco.
Cagle, M. J., Mgr....	Phoenix Laboratories	San Francisco.
Cahill, A. B., Secy....	Sudden & Christenson	San Francisco.
California Paint Co....		San Francisco.
Calkins, F. J., Exp. & Imp. Agent.	C. M. & St. P. Ry.	Seattle, Wash.
Calkins, Jno. U., Governor	Federal Reserve Bank of S. F....	San Francisco.
Calkins, R. M., V. Pres.	C. M. & St. P. Ry.	Chicago, Ill.
	National Foreign Trade Council.	New York City.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Callan, A. C., Pres.	Pacific International Co.	Portland, Ore.
Callanan, Edward F., Export Mgr.	John Deers Plow Company	San Francisco.
Cambron, C. G.	San Francisco Chamber of Com- merce	San Francisco.
Cameron, A. G., Division Mgr.	Goodyear Tire & Rubber Co.	Akron, O.
Cameron, Alfred G., Secy.	Cameron Bros. & Co.	San Francisco.
Cameron, D. M., Mgr.	Dodwell & Co., Ltd.	Victoria, B. C., Can- ada.
Campbell, Arthur E.	A. U. Pinkham & Co.	Seattle, Wash.
Campbell, Chas. H.	Natl. Association of Mfrs. of the U. S. A., California Glue Company	San Francisco.
Campbell, J. S.	John S. Campbell & Co.	Chicago, Ill.
Campbell, John S., Secy.	The Wilcox-Hayes Company	Portland, Ore.
Campbell, N. B., V. P.	First National Bank, Oakland	Oakland, Cal.
Campbell, Vance C.	J. W. Butler Paper Co.	San Francisco.
Campbell, W. G.	National Assoc. of Mfrs., Standard Gas Engine Co.	Oakland, Cal.
Campos, Ricardo C., Pres.	Campos-Jamison Co., Inc., Foreign Trade Club	San Francisco.
Campos, R. M., Genl. Agent	National Rys. of Mexico & Oper- ated Lines, Mexican Govern- ment Administration	San Francisco.
Canalizo, E. A., Genl. Mgr.	G. Amsinck & Co., Inc.	San Francisco.
Canavan, Frank J., Pacific Coast Repr.	Kelley's Directories, Ltd., S. E. Hendricks & Co., Inc.	San Francisco.
Cardway, Col. Fred, V. P. & Genl. Mgr.	Packard Motors Export Corp.	New York City.
Carey, Troy L.	The California Barrel Co.	San Francisco.
Carlson, John A., Asst. Mgr.	Niagara Fire Insurance Co., Pa- cific Dept.	San Francisco.
Carleton, James B., Mgr.	Henry W. Peabody & Co.	San Francisco.
Carmichael, B. H., Genl. Mgr.	Bishop & Bahler Co., Commercial Board of Los An- geles	Los Angeles, Cal.
Carmona, F. A., Mgr.	E. A. Beaumont & Co.	San Francisco.
Carney, John J., Pres.	Aberdeen, Wash., Chamber of Commerce	Aberdeen, Wash.
Carolan, H. A.		Sausalito, Cal.
Carpenter, George B., Foreign Trade Ad- visor	Merchants National Bank of Los Angeles	Los Angeles, Cal.
Carr, R. B., Manager of Sales.	U. S. Steel Products Co.	San Francisco.
Carrigan, Andrew, V. P. & Genl. Mgr.	Dunham, Carrigan & Hayden Co.	San Francisco.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Carrigan, Andrew, Jr.	Dunham, Carrigan & Hayden Co.	San Francisco.
Carroll, James V., Freight Service Agent	Salt Lake Route	Los Angeles, Cal.
Carroll, Miss Jane, Genl. Mgr.....	American Safety Razor Export Corp.	Brooklyn, N. Y.
Carter, Gale H., Mgr.	W. R. Grace & Co.	San Francisco.
Carter, Zenas W., Secy-Mgr.	Machinery Mfrs. Assn.	New York City.
Cartwright, V. A., Asst. Genl. Mgr...	Columbia-Pacific Shipping Co. ...	Portland, Ore.
Caryl, G. B., Asst. Genl. Mgr...	G. Amsinck & Co., Inc.	San Francisco.
Casey, G. F., Traffic Mgr.	Macondray & Co.	San Francisco.
Castle, Jas. B.	The Lunkenheimer Co., of Cin- cinnati, O.	San Francisco.
Cederberg, Richard, Export Dept.	Harron, Rickard & McCone	San Francisco.
Cerna, The Hon. Jose Rodriguez.....	The Consul of Guatemala	Guatemala.
Chai, Lo Lok, Genl. Mgr.	China Mail S. S. Co., Ltd.	San Francisco.
Chambers, H. E., Solicitor	Associated Terminals Co.	San Francisco.
Champion, David J., Pres.	Champion Rivet Co.	Cleveland, O.
Chandler, Leo S., V. P.	Home Savings Bank	Los Angeles, Cal.
Chang, S. M.		Canton, China.
Chapin, Geo. E., Claim Agt.....	Toyo Kisen Kaisha	San Francisco.
Chapman, J. W., Mgr.	Davies Turner & Co.	San Francisco.
Chappelle, Wm., Pres.	Rainier Heat & Power Co., Pres.	Seattle, Wash.
Charters, George A., V. P.....	Stewart Fruit Co., Director	American Fruit & Vegetable Ship- pers' Assn.
Chase, Elmer E., Pres.	Canners' League of Calif.	San Jose, Cal.
Chase, George Q. ...	Music Industries Chamber of Commerce	New York City.
Chase, H. L.	Wonham, Bates & Goode Trad- ing Corp.	San Francisco.
Chen, C.		Changsha, China.
Cheshire, Mitchell, Mgr.	Hotel Butler	Seattle, Wash.
Chickering, Roger ..	National Assn. of Insurance Agents	Oakland, Cal.
Chidester, Drew, V. P. & Genl. Mgr.	Trans-Oceanic Co.	San Francisco.
Chilberg, Andrew, V. P.	Swedish Chamber of Commerce, N. Y., Scandinavian-American Bank ...	Seattle, Wash.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Childress, Mrs. Katherine	Hoeflers Cennt. Chocolates, Glaser Bros.	San Francisco.
Choate, Rufus, Pres.	Harbor Commission of San Diego	San Diego, Cal.
Chou, T. C.		Canton, China.
Christianer, F. L., Sales Mgr.	Blue Bird Talking Machine Co.	Los Angeles, Cal.
Christoph, W. H. ...	The Giant Powder Co.	San Francisco.
Chu, Hon. Chao Hsin	Consul General of China	San Francisco.
Chubb, H.	Chubb & Son, National Foreign Trade Council.	New York City.
Chue, B. Y., Exec. Secy.	Chinese National Welfare Society in America	San Francisco.
Church, J. W., Chief Inspector	Public Service Commission of Oregon	Portland, Ore.
Civic League of Improvement Clubs and Associations		San Francisco.
Clagstone, Paul.	San Francisco Chamber of Commerce, Lewiston Commercial Club, Lewiston, Idaho, Western Dist. Secy., Chamber of Commerce of U. S. A.	San Francisco.
Clapp, Philip H., Dist. Mgr.	Norton Company of Worcester, Mass.	San Francisco.
Clark, D. R., Charge of Shipping Dept.	Wright, Ditson & Victor Co.	San Francisco.
Clark, E. C.	Hickmott Canning Co.	San Francisco.
Clark, Geo. W., V. P.	Brown Portable Conveying Machinery Co.	Chicago, Ill.
Clark, Horace S., Asst. Pacific Mgr. Westinghouse Air Brake Co.	Westinghouse Church Kerr & Co.	San Francisco.
Clark, Neil M., Managing Editor.	System—A. W. Shaw Co.	Chicago, Ill.
Clark, O. M., Pres.	Clark & Wilson Lumber Co.	Linnton, Ore.
Clark, S. S.	Cyrus Peirce & Co.	San Francisco.
Clarke, Cecil R., United States Repr.	Walter Harrison & Co., of Sydney, Australia	San Francisco.
Clarke, N. B., V. P.	Anglo-Southern Co.	San Francisco.
Clausen, John, V. P. & Director	The Union National Bank of Seattle	Seattle, Wash.
Claussen, Thomas, Exp. Mgr.	American Biscuit Co.	San Francisco.
Claussen, William, Dist. Sales Mgr.	Pacific Coast Coal Co.	Seattle, Wash.
Clopper, H. G., V. P.	The Eagle-Picher Lead Co.	Chicago, Ill.
Cloud, C. M.	Aberdeen Chamber of Commerce	Aberdeen, Wash.
Clute, F. L., Domestic Dept.	East & West Export Co.	San Francisco.
Clute, John, Mgr.	Pfister & Vogel Co.	San Francisco.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Coates, Wm. H., Export Dept. Mgr.	United States Rubber Export Co., Foreign Trade Club.....	San Francisco.
Cochran, W. L.	de Jongh & Cochran	San Francisco.
Cochrane, J. G.	M. C. Harrison & Co.	San Francisco.
Coe, Harry, V. P.	Anglo & London Paris Natl. Bank	San Francisco.
Coester, Alfred, Secy.-Treas.	The American Association of Teachers of Spanish, Leland Stanford Junior Univer- sity	Stanford University, Cal.
Cofer, L. R., V. P. & Foreign Mgr.	Wells Fargo Nevada Natl. Bank of S. F.	San Francisco.
Coffin, Horace, Creditor Mgr.	Baker Hamilton & Pacific Co....	San Francisco.
Cohen, Miss Ann, Registration Secy..	National Foreign Trade Council..	New York City.
Coit, Henry A., Pres.	Marine Corporation	Seattle, Wash.
Colbert, George P.	H. M. Newhall & Co.	San Francisco.
Cole, A. H.	Slade Export Co.	San Francisco.
Cole, Chas. C., Pres..	Cole-French Co., California Ink Co.	San Francisco.
Cole, Frank G., City Freight Agent.	The A. T. & S. F. Ry.	San Francisco.
Cole, John R., Mgr. Export Dept.	Willits and Patterson Foreign Trade Club.....	San Francisco.
Cole, Roy P., Mgr. of Sales	Great Western Smelting & Refin- ing Company	San Francisco.
Cole, Walter D., Pres. & Genl. Mgr.	Marchant Calculating Machine Co., Pres.	Oakland Chamber of Commerce. Oakland, Cal.
Coleman, G. R., V. P.	Gaston, Williams & Wigmore, American Chamber of Commerce	Shanghai, China.
Coles, C. P.		Vancouver, B. C., Canada.
Collins, George, Mgr.	California Tractor & Implement Assn.	San Francisco.
Collins, H. W.	Pendleton Commercial Club	Pendleton, Ore.
Collins, J. L., Dist. Sales Mgr.	Seattle-Astoria Iron Works	San Francisco.
Collins, W. D.	S. L. Allen & Co., Philadelphia, Pa.	Oakland, Cal.
Collins, William F., Secy.	Committee on Commerce & Ma- rine, American Bankers Asso- ciation	New York City.
Collum, M. J., V. P.	S. L. Jones & Co.	San Francisco.
Colman, Clarence, Mgr.	The Philippines Commercial Cable Service	San Francisco.
Colson, U. O., Pres..	U. O. Colson Co.	Paris, Ill.
Colvin, Fred H., Editor	American Machinist — McGraw Hill Co.	New York City.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Comba, Miss E. C.	California Packing Corp.	San Francisco.
Conlisk, R. F., Pres.	R. F. Conlisk	San Francisco.
Connell, J. J., V. P.	Connell Bros. Co.	San Francisco.
Connell, M. J., Pres.	Connell Bros. Co.	Seattle, Wash.
Conniff, Wm. J., Treas.	G. Amsinck & Co., Inc.	New York City.
Connolly, Edward M., Export Mgr.	Macondray & Co.	San Francisco.
Connor, A. W., Pres.	The Cincinnati Auto Specialty Co.	Cincinnati, O.
Conroy, Wm. J.	U. T. Hungerford Brass & Cop- per Co.	New York City.
Constantine, Albert.		New York City.
Converse, C. P., Secy., Pacific Coast Committee	National Foreign Trade Council.	San Francisco.
Cook, A. J.	The U. S. Leather Co., of N. Y.	San Francisco.
Cook, Clifford G., Sales Mgr.	H. N. Cook Belting Co. Foreign Trade Club	San Francisco.
Cook, L. M., V. P.	P. David Company	San Francisco.
Cook, Milton H., Pres.	H. N. Cook Belting Co. The Leather Belting Exchange, Philadelphia, Pa.	San Francisco.
Cook, M. Pierce.	H. M. Newhall & Co.	San Francisco.
Cook, M. T., Genl. Mgr., Pacific Divi- sion	Western Union Telegraph Co.	San Francisco.
Cook, Peter	The Robert Dollar Co.	San Francisco.
Cook, William M., Genl. Agent Freight Dept.	Missouri Pacific Railroad Co.	San Francisco.
Cooke, Geo. M., V. P.	Lewis E. Sands Co., Inc.	Albion, N. Y.
Cooke, James P., Secy.	Overbeck & Cooke Co.	Portland, Ore.
Cookingham, Edward, Pres.	Ladd & Tilton Bank	Portland, Ore.
Cookingham, P. W., General Counsel	Ladd & Tilton Bank	Portland, Ore.
Cooley, W. W., Advertising Repr.	Burroughs Adding Machine Co.	San Francisco.
Cooper, D. Y., Pres.	Henderson Cotton Mills National Foreign Trade Council.	Henderson, N. C. New York City.
Cooper, J. H., Foreign Trade Mgr.	Atkins, Kroll & Co.	San Francisco.
Cooper, M. G., Pres.	Cooper Coate & Casey Co. National Wholesale Dry Goods Assoc.	Los Angeles, Cal.
Cope, Erle L.		San Francisco.
Corbett, E. R., V. P.	First National Bank	Portland, Ore.
Corde, F. J.	International Banking Corp.	San Francisco.
Cords, W. G.	Parsons, Whittmore & Co.	San Francisco.
Cornelison, E. D., Sales Mgr.	Western Paper Co., Foreign Trade Club	San Francisco.
Cornforth, H. C., Managing Director	Vacuum Oil Co.	Melbourne, Australia.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Cornwall, George M., Editor and Pub- lisher	<i>The Timberman</i>	Portland, Ore.
Corse, G. H., Jr., Pacific Coast Agent	Robertson-Cole Co.	San Francisco.
Cosgrove, J. H., Mgr.	Maxim & Co., Hongkong	San Francisco.
Costello, G. S.	Seattle Chamber of Commerce..	Seattle, Wash.
Cotter, R. E., Pres...	R. E. Cotter Co.	San Francisco.
Cotton, P. W., Mgr. of Sales	Pacific Coast Steel Co.	Seattle, Wash.
Covell, C. M.	Lunham & Moore	San Francisco.
Cowen, A. H., Pres.	Pacific Orient Co.	San Francisco.
Cowen, M. S., Mgr..	M. S. Cowen & Company	San Francisco.
Cowie, Alexander S., Mgr. Foreign Dept.	Hellman Commercial Trust & Savings Bank	Los Angeles, Cal.
Cox, A. B., Pacific Coast Sales Repr...	The Ohlen-Bishop Cb.	Columbus, O.
Cox, Claude P., Pres. & Treas. ...	Cox-White Co., Inc.	Seattle, Wash.
Cox, H. P., Mgr...	Porter Trading Co.	San Francisco.
Craig, Edward A., Export Mgr.	Westinghouse Air Brake Co.	Pittsburgh, Pa.
Cramerding, H. G., Mgr. Foreign Dept.	Lathan Auto Supply Company...	San Francisco.
Crandall, Shannon, Pres.	California Hardware Co.	Los Angeles, Cal.
Crane, D. B.	Wightman & Crane	San Francisco.
Crawford, C. C., Asst. Mgr. Import & Ex- port Dept.	A. O. Anderson & Co.	San Francisco.
Crawford, E. E., Mgr. Credit Dept.	Central National Bank	Oakland, Cal.
Crawford, Geo. H., Advertising & Sales Mgr.	Kerr Gifford & Co., Inc.	Portland, Ore.
Creagh, Merrick W.	Hartmann Pacific Company	San Francisco.
Creixell, José	American Chamber of Commerce in Spain	Barcelona, Spain.
Creutz, Gregory M.		Los Angeles, Cal.
Critchfield, E. E. ...	Critchfield & Co.	Chicago, Ill.
Crommelin, R., Mgr..	Collins Flour Mills, Commercial Association	Pendleton, Ore.
Cromwell, L. H.	Moore Shipbuilding Co.	Oakland, Cal.
Cronkrite, A. C., Div. Sales Mgr. ..	Universal Portland Cement Co. .	Chicago, Ill.
Cropley, M. F., General Agent	Pacific Steamship Co.	San Francisco.
Crosby, W. F., Pacific Coast Mgr.	Charles F. Smillie & Co. Foreign Trade Club	San Francisco.
Cross, C. A., Sales Mgr.	Bonestell & Company Foreign Trade Club	San Francisco.
Cross, D. W., Mgr...	Burns, Philip Company of San Francisco, Inc.	San Francisco.
Cross, Frank L., Mgr.	H. E. Woolner & Co.	San Francisco.
Crossley, J. P., Jr., Mgr. Export Dept.	American Trading Company	Kobe, Japan.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Crow, W. R., Pacific Coast Agent.....	Erie Railroad	San Francisco.
Crowe, Wm. L., Pre.	Wm. L. Crowe & Co.	Portland, Ore.
Crummey, J. D., General Mgr.	Bean Spray Pump Co., of San Jose	San Jose, Cal.
Culbertson, J. G., Pres.	Wichita Motors Company	Wichita Falls, Tex.
Cullen, J. Hubbert, Secy., Industrial & Foreign Trade Bureaus	Detroit Board of Commerce	Detroit, Mich.
Culver, Jos. E., Mgr.	J. E. Culver & Co.	Los Angeles, Cal.
Cunningham, Mrs. Chas. C.		Larkspur, Cal.
Curran, J. S., Asst. Cashier	Anglo & London Paris Natl. Bank	San Francisco.
Cutler, Allan, Secy.-Treas.	Golden Gate Canneries	Los Angeles, Cal.
Cutler, Burwell S.		Washington, D. C.
Cutler, Walter P., V. P.	The Atlantic Refining Co.	Philadelphia, Pa.
Cutter, A. B., Secy.	Everett Port Commission	Everett, Wash.
Cuvas, Antonio, Commercial Attaché	Spanish Embassy at Washington.	Washington, D. C.
Dabney, Frank, Asst. Treas.	Diamond Ice & Storage Co., Renton Coal Co., Puget Sound Power & Light Co.	Seattle, Wash.
Daggett, S., Professor of Economics.	University of California	Berkeley, Cal.
Da Graca, Cordeiro, Admiral J.	Federal Government of Brazil...	Rio de Janeiro.
Dahlgren, Walter F., Asst. Secy.	California Fruit Growers' Exchange	Los Angeles, Cal.
Dailey, B. C., V. P.	Overseas Shipping Co., Foreign Trade Club	San Francisco.
Daily, J. M., Mgr. Marine Dept.	San Francisco Chamber of Commerce	San Francisco.
Dana, Marshall N., Special Writer ...	Oregon Journal	Portland, Ore.
Dane, Chester L., Pres.	American Woolen Products Company	New York City.
Danford, F. S., V. P.	Willits & Patterson, Foreign Trade Club	San Francisco.
Daniels, D., Pres....	D. & B. Pump & Supply Co.	Los Angeles, Cal.
Daniels, Ralph H., Mgr. Export Dept.	Goodyear Tire & Rubber Co....	Akron, O.
Dant, C. E., V. P....	Dant & Russell, Inc.	Portland, Ore.
Danz, Geo. J., Pres.	Hofius Steel Equipment Co.	Seattle, Wash.
Darnall, B. C., Mgr.	Swift & Company	North Portland, Ore.
Darragh, George T., Asst. to Traffic Mgr.	U. S. Shipping Board, Foreign Trade Club	San Francisco,

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Dassonville, Leon ...	The Rideout Bank	Marysville, Cal.
Davenport, Dixwell,		
Mgr.	Bankers & Shippers Insurance Co. of New York	San Francisco.
Davenport, H. B.,		
Mgr., Merchandise		
Dept.	Dodwell & Co., Ltd.	Seattle, Wash.
Davenport, H. F.,		
Secy.	The Brunswick-Balke-Collender Co.	Chicago, Ill.
Davidson, Arthur A.,		
Traffic Mgr.	Page & Jones	Mobile, Ala.
Davidson, F., Sales		
Mgr., Dry Goods		
Dept.	California Cotton Mills Co.	Oakland, Cal.
Davis, Francis R.,		
Assistant Mgr. ...	Irwin-Harrisons & Crosfield, Inc.	San Francisco.
Davis, George R.,		
Mgr.	Pacific Coast Envelope Co. Div..	San Francisco.
Davis, J. H.	Pacific Car Co.	Tacoma, Wash.
Davis, L. C., Mgr....	General Motors Export Co.	San Francisco.
Davis, Nathaniel A.,		
Foreign Trade Ex-		
pert	Foreign Trade Club	San Francisco.
Davis, O. K., Secy.,	National Foreign Trade Council.	New York City.
Davison, G. Howard,		
Pres.	<i>El Campo International,</i> <i>The Field Illustrated</i>	New York City.
Dawson, K. D.,		
General Mgr.	Columbia-Pacific Shipping Co....	Portland, Ore.
Dawson, Samuel G.,	Government of Salvador	San Francisco.
Dawson, W. C., Pres.	W. C. Dawson & Co.	Seattle, Wash.
Day, C. A., Secy. In-		
dustrial Dept.	San Francisco Chamber of Com- merce	San Francisco.
Day, Homer G.		Sydney, Australia.
Day, Jas. H., Treas.	The Koster Company	San Francisco.
Day, Wm. A., Deputy		
Governor	Federal Reserve Bank	San Francisco.
Deak, A. L., Mgr.		
Foreign Dept.	Ladd & Tilton Bank	Portland, Ore.
Deans, H. G. P.,		
V. P.	The Merchants' Loan & Trust Co.	Chicago, Ill.
Deans, Wm.	Selbach & Deans	San Francisco.
Debarnot, Louis,		
Mgr., Foreign Dept.	Marchant Calculating Machine Co.	Oakland, Cal.
De Berna, Carlos F.,	Alameda Chamber of Commerce.	Alameda, Cal.
De Blasi, Rinaldo ...	Butler School of Commerce....	San Francisco.
Decatur, James G.,		
Com'l Agent	Western Union Telegraph & Cable Co.	San Francisco.
Deering, Thos. S.,		
Mgr., Pacific Ma-		
rine Dept.	Niagara Fire Insurance Co., Pacific Coast Agent Marine Dept., Camden Fire Insurance Associa- tion, Security Insurance Company....	San Francisco.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
De Forest, A. T., V. P.	U. S. Steel Products Co., China Commerce Club	San Francisco.
Degen, Walter, Secy.	L. P. Degen Belting Co.	San Francisco.
De Geus, Leonard.....		San Francisco.
De Golia, E. B., V. P.	Marsh & McLennan	San Francisco.
De Graf, Elmer R....	Marchant Calculating Machine Co.	San Francisco.
Deland, Robert J., Sales Agent	W. P. Fuller Co.	San Francisco.
Delanty, Hugh M., Secy. & Mgr.	Grays Harbor Stevedore Co., Aberdeen, Wash., Chamber of Commerce	Aberdeen, Wash.
Delgado, D. E., Export Mgr.	Eastman Kodak Co.	Rochester, N. Y.
Delprat, J. P.	Amsterdam Chamber of Com- merce, Rotterdam Chamber of Com- merce, United Java Trading Timber Companies	San Francisco.
Delson, A. C.	Victor Mfg. & Gasket Co.	Chicago, Ill.
De Macedo, J. M., Consul General....	Peru	Seattle, Wash.
Denman, A. G., Jr., Pres.	Southern Calif. Iron & Steel Co..	Los Angeles, Cal.
Dennis, Mrs.	The Koster Company	San Francisco.
Denroche, P. C., Pres.	S. L. Jones & Co.	San Francisco.
Depatie, F. A.	Philadelphia Shoe Co., Foreign Trade Club	San Francisco.
Derham, William A.	Derham Bros.	San Francisco.
De Sola, Walter.....		San Francisco.
Detrick, E., V. P....	Marsh & McLennan	San Francisco.
Dette, William	Crocker Bros.	New York City.
de Vaca, Hon. M. C., Consul General ...	Chamber of Commerce of Guay- aquil	Ecuador.
D'Evelyn, Norman F., Advertising Mgr....	Sperry Flour Company	San Francisco.
De Vries, Martin.....		Palo Alto, Cal.
Dewey, R. V., Mgr., Latin-Amer- ican Dept.	Getz Bros. & Co.	San Francisco.
Dickie, A. J.	Pacific Marine Review	San Francisco.
Dickie, John A.	Balfour, Guthrie & Co.	San Francisco.
Dickson, Fred W....	The Robert Dollar Co.	San Francisco.
Dieckmann, A. L., V. P.	Dieckmann Hardwood Co.	San Francisco.
Dieckmann, J. H., Jr.....		San Francisco.
Dieguez, Manuel, Mgr., Latin-Amer- ican Dept.	Hammer & Company, Foreign Trade Club	San Francisco.
Diekelmann, Kurt A., Asst. Mgr.	St. Charles Hotel	New Orleans, La.
Di Fiore, D.	D. Di Fiore Canning Co.	San Jose, Cal.
Dill, Marshall, Pres..	Dill-Crosett, Inc.	San Francisco.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Dimond, A. W., Mgr., Steel Dept.	W. R. Grace & Co.	San Francisco.
Dimond, Henry P., Chairman	Foreign Commerce Association of the Pacific Coast. Industrial Association	San Francisco.
Dinkelspiel, Hon. Henry G. W.	Consul, Siam	San Francisco.
Dinkelspiel, M. L.	Zellerbach Paper Co.	San Francisco.
Dinkelspiel, S., Pres.	L. Dinkelspiel Co.	San Francisco.
Disque, Brice P., Pres.	G. Amsinck & Co., Inc.	New York City.
Dobbins, John L., Mgr., Import & Ex- port Dept.	The Koster Company	San Francisco.
Dobbs, R. E., V. P.	Bank of Italy	Los Angeles, Cal.
Doble, Robert	Foreign Trade Club	San Francisco.
Dodge, Douglas W., Pacific Coast Mgr.	The Lakewood Engineering Co., of Cleveland, O.	San Francisco.
Dodge, H. W.	Durland Dodge	San Francisco.
Dodson, W. D. B., Exec. Secy.	Portland Chamber of Commerce.	Portland, Ore.
Doelker, F. L., Traffic Mgr.	W. R. Grace & Co.	San Francisco.
Doetsch, Miss Anna, Secy. & Treas.	Doetsch & Bauer Co.	Chicago, Ill.
Dohrmann, F., Jr., Vice-Pres.	Dohrmann Commercial Company.	San Francisco.
Doi, Keikichi, Mgr.	Toyo Kisen Kaisha	Tokyo, Japan.
Dollar, Robert, Pres.	The Robert Dollar Company.	San Francisco.
	National Foreign Trade Council.	New York City.
Dollar, R. Stanley, Vice-Pres.	The Robert Dollar Company.	San Francisco.
Domeratzky, L., Chief, Foreign Tar- iffs Division	Bureau of Foreign & Domestic Commerce	Washington, D. C.
Dominguez, Emilio L.		San Salvador, C. A.
Dominion, Jos.		San Francisco.
Donham, A. G.	United Shoe Machinery Corp.	San Francisco.
Donnelly, E. P., Mgr. of Foreign Dept.	Union Bank & Trust Co. of Los Angeles	Los Angeles, Cal.
Donovan, J. J., V. P.	Bloedel Donovan Lumber Mills, Bellingham Chamber of Com- merce	Bellingham, Wash.
	National Foreign Trade Council.	New York City.
Dooling, Thomas H., Sales Dept.	The Electric Storage Battery Co., of Philadelphia, Pa.	San Francisco.
Doonan, George W., Foreign Trade Ad- visor	Central Trust Co., of Illinois.	San Francisco.
Dorenfeldt, L. J.	De Norske Exportnaerings Landsforbund	Christiania, Norway.
Dorr, Harry R., Asst. Mgr.	China, Japan & South America Trading Co.	San Francisco.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Doud, C. C., Pres....	Doud-MacFarlane Machinery Co.	Tacoma, Wash.
Doughty, S. B.	E. Allen Test Co.	Lodi, Cal.
Douglas, Wm. P., Mgr., Export & Im- port Dept.	Kelley Clarke Company	San Francisco.
Douglas, W. W.	Bank of Italy	San Francisco.
Dover, Elmer, Pres..	Western Rubber Company	Tacoma, Wash.
Dow, A. W.		San Francisco.
Dow, Frank P., Pres.	Frank P. Dow Company, Inc....	Seattle, Wash.
Dowling, J. P., Mgr..	Dodwell & Co., Ltd. Foreign Trade Club	San Francisco.
Downey, J. C.	Downey Glass & Paint Co.	Oakland, Cal.
Drake, Geo. F., Vice- Pres. and Mgr....	Drake-Lock-Nut Company	San Francisco.
Drake, L. W., Sales Mgr.	Boyle Manufacturing Co.	Los Angeles, Cal.
Drake, J. Walter....	National Automobile Chamber of Commerce, National Foreign Trade Council..	New York City.
Draper, S. C., Pres...	Pacific Grain Co.	Portland, Ore.
Draper, Thos., Mgr..	The Draper Manufacturing Co..	Port Huron, Mich.
Dreisbach, L. A., Pacific Coast Repr.	The Barber Asphalt Paving Co..	Philadelphia, Pa.
Drolet, W. C.	Aluminum Products Co.	Oakland, Cal.
Droosten, E. Wil- helmi, Export Mgr.	The Robbins & Myers Co., Springfield, O.	New York City.
Drum, John S., V. P.	American Bankers Association...	San Francisco.
Drummond, J. A., Pacific Coast Repr.	N. & G. Taylor Co.	San Francisco.
Drury, Aubrey, Secy.-Treas.	Foreign Trade Club	San Francisco.
Drury, Newton B....	Drury Advertising Service, Foreign Trade Club	San Francisco.
Drury, Wells, Secy. & Managing Director	Berkeley Chamber of Commerce.	Berkeley, Cal.
Dryden, W. H.	Wood-Craft Company of St. Paul, Minn.	Sacramento, Cal.
Dubois, J. M. F., Export Mgr.	East & West Export Co.	San Francisco.
Duckworth, S. J.		San Francisco.
Ducommun, E. C., Secy.	Ducommun Hardware Co.	San Francisco.
Duff, J. E., Mgr....	Leon Israel & Bros., Inc.	San Francisco.
Duff, W. B.	The Koster Co.	San Francisco.
Dunbar, Hooper C., Mgr., Iron & Steel Products Dept....	Monroe, Leon & Tees, Inc.	San Francisco.
Duncan, A. E., Sales Mgr.	Jas. Graham Mfg. Co.	San Francisco.
Duncan, A. L.	H. G. Prince & Co.	Fruitvale, Cal.
Dunkerley, Wm., Mgr., Trade Exten- sion Dept.	Los Angeles Chamber of Com- merce	Los Angeles, Cal.
Dunlap, George H., Mgr., Oriental Pro- ducts Dept.	J. Aron & Co.	San Francisco.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Dunlap, W. C., V. P., in charge of sales...	The American Multigraph Co....	Cleveland, O.
Dunn, Arthur	Foreign Commerce Assn. of the Pacific Coast	San Francisco.
Dunn Company, J. T., Inc.	Foreign Trade Club	San Francisco.
Dunn, E. W.	Dunn Oil Burning Inventions...	Los Angeles, Cal.
Dunn, Ritchie L., Pres. & Genl. Mgr.	American Biscuit Co.	San Francisco.
Du Rietz, C. G.		Montclair, N. J.
Dutton, Mrs. Harry J.	Commercial Truck & Storage Co.	Tacoma, Wash.
Dwan, James P.	O'Brien, Dwan & Co.	San Francisco.
Dwyer, J. J.		San Francisco.
Easter, James M., Pres.	Daniel Miller Co., Merchants & Mfrs. Association..	Baltimore, Md.
Easton, T. W., Dist. Mgr.	Diamond State Fibre Co., Foreign Trade Club	San Francisco.
Ebey, H. H., Dist. Director of Opera- tions	United States Shipping Board...	San Francisco.
Eddy, Edwin M., Pres.	Pacific Materials Company	San Francisco.
Edelstein, D.		San Francisco.
Edlefsen, A. H., V. P. & Mgr.	Edlefsen Fuel Co.	Portland, Ore.
Edlefsen, J. N., V. P. & Mgr.	Peninsula National Bank	Portland, Ore.
Edmonds, A. S., Genl. Traffic Mgr.	Los Angeles & Salt Lake R. R. Co.	Los Angeles, Cal.
Edmondson, F., Export Dept.	American Trading Co.	Shanghai, China.
Edmondson, W. R., City Superintendent	Western Union Telegraph Co....	San Francisco.
Edwards, A. R., Export Dept.	U. S. Steel Products Co:	San Francisco.
Edwards, E. H., Mgr.	E. H. Edwards Co., Willamette Iron & Steel Co....	San Francisco.
Edwards, G. N.	Winters Canning Co.	Suisun, Cal.
Edwards, Paul, Comm'l Attaché...	Bureau of Foreign & Domestic Commerce	Washington, D. C
Edwards, S. T., Supt. Manufactured Feed & Cereal Dept.,...	Portland Flouring Mills Co....	Portland, Ore.
Edwards, T. H.	Edwards Company	Portland, Ore.
Edwards, W. J., Mgr.	Norton Lilly & Co.	San Francisco.
Egan, David C.	Clack-Egan Co.	San Francisco.
Ehrenfeld, F., Asst. Export Mgr.	Rosenberg Bros. & Co.	San Francisco.
Ehst, A. B.	The Baldwin Locomotive Works.	Philadelphia, Pa.
Eilers, F. E.	New York Lubricating Oil Co....	San Francisco.
Eisfeldt, T. A., Pres.	W. J. Byrnes & Co.	San Francisco.
Elam, G. C., Mgr. Export Dept.	Paul I. Fagan & Co.	San Francisco.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Eldridge, A. S., Pres. & Genl. Mgr.....	Eldridge Buick Company	Seattle, Wash.
Eldridge, F. R., Jr., Chief, Far Eastern Division	Bureau of Foreign & Domestic Commerce	Washington, D. C.
Eldridge, Philip L....	John A. Roebling's Sons Co., of Calif., Foreign Trade Club	San Francisco.
Elias, A. P. A.	C. ter Poorten repr. Royal Packet Navigation Co. of Batavia, D. E. I.	San Francisco.
Elkinton, Alfred C....	Philadelphia Quartz Co.	Berkeley, Cal.
Elkinton, A. W.....	Philadelphia Quartz Co.	Berkeley, Cal.
Elkinton, Henty T....	Philadelphia Quartz Co.	Berkeley, Cal.
Ellis, J. O., Pres.....	J. O. Ellis Forwarding Co., Foreign Trade Club	San Francisco.
Elmendorf, Jas. R., Special Repr.	The Denver Rock Drill Mfg. Co..	Denver, Colo.
Elmer, L. H., Mgr...	Elmer Bros., Nursery	San Jose, Cal.
Emory, Thomas L., Secy.	Hall & Emory Advertising Agency	Portland, Ore.
England, William A., Mgr.	Eng-Skell Company	San Francisco.
Erb, P. C.	Petroleum Products Co.	San Francisco.
Etheridge, John L., Pres.	Morris Bros., Inc.	Portland, Ore.
Evans, D. S., Export Mgr.	The Paraffine Companies, Inc. ..	San Francisco.
Evans, Evan C., Pres.	E. C. Evans & Sons, Inc.	San Francisco.
Evans, Evan C., Jr., V. P.	E. C. Evans & Sons, Inc.	San Francisco.
Evans, Harry L., Secy.	E. C. Evans & Sons, Inc.	San Francisco.
Evans, R. M.	Seattle Frog & Switch Company.	Seattle, Wash.
Everett, Edward, Genl. Mgr.	Tubbs Cordage Company	San Francisco.
Everstine, S. A.	Trans-Continental Freight Co., Foreign Trade Club	San Francisco.
Ewing, L. David, Vice-Pres.	France & Canada Steamship Corp.	New York City.
Ewing, H. C., Pacific Coast Mgr.	D. C. Andrews & Co.	San Francisco.
Fadden, G. G., Mgr., Export & Import Dept.	The Johnson-Locke Mercantile Co.	San Francisco.
Fagan, Paul I.	Paul I. Fagan Co.	San Francisco.
Fahrbach, C. F., Secy.-Treas.	L. Dinkelspiel Co.	San Francisco.
Falkenburg, M. J., Pres.	Falkenburg & Co.	Seattle, Wash.
Fannin, James H. ...	John S. Stetson Co.	Philadelphia, Pa.
Farnham, B. B., Mgr.	Farnham Mfg. Co.	Buffalo, N. Y.
Farrell, James A., Pres.	United States Steel Corp.....	New York City.
Chairman	National Foreign Trade Council..	New York City.
Farrell, J. Fletcher, Vice-Pres.	Sinclair Consolidated Oil Corp...	New York City.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Farrell, John J.	Norton, Lilly & Co.	New York City.
Farwell, John V. 3rd.	John V. Farwell & Co.	Chicago, Ill.
Faunce, John H., Pres.	John H. Faunce, Philadelphia, Inc.	Philadelphia, Pa.
Fay, Rollo E., Supt.	Aetna Life Insurance Co.	San Francisco.
Faye, H. K., Traffic Mgr.	The Western Pacific R. R. Co.	San Francisco.
Fenstermacher, John D., Sales Mgr.	Columbia Steel Co.	San Francisco.
Ferdon, Wm. L., Mgr.	The Torsion Balance Co. and Christian Becker, Inc.	San Francisco.
Ferguson, Forrest, Pres.	Ferguson McKinney Mfg. Co.	St. Louis, Mo.
Ferguson, James C. H., Vice-Pres.	Gaston, Williams & Wigmore Pacific Coast Co.	San Francisco.
Ferguson, J. F., Sales Mgr.	Baker-Hamilton & Pacific Co.	San Francisco.
Fernholtz, C. Wal- ther, Secy. & Treas.	Fernholtz Machinery Co.	Los Angeles, Cal.
Ferrer, P. T., Latin - American Repr.	Paraffines Co's. Corp.	San Francisco.
Fey, Frank E., Sales Agent	U. S. Steel Products Co.	Seattle, Wash.
Fickett, James E.	Bank of Italy	San Francisco.
Field, Walter M.	Bayside Canning Co.	Alviso, Cal.
Findley, A. I., Editor-in-Chief.	The Iron Age	New York City.
Finn, S. G., Gen. Mgr.	Vladimir Bogolopoff & Co.	Vladivostok, Russia.
Fischer, O. H., Pres.	Union Gas Engine Co.	Oakland, Cal.
Fish, E. B., Chief Ac- countant	W. R. Grace & Co.	San Francisco.
Fisher, Edmund D., Vice-President	Bank of Detroit	Detroit, Mich.
Fisher, H. O.	Philadelphia Quartz Co.	Berkeley, Cal.
Fisher, M. E.	First American Foreign Trade Floating Exposition, Inc.	Seattle, Wash.
Fisher, Hon. Wm., Honorary Consul.	Venezuela	San Francisco.
Fitch, L. B., Mgr.	The J. H. W. Steele Co.	San Francisco.
Fitts, E. A., Vice- Pres.	The Autocar Co. of Ardmore, Pa., Philadelphia Chamber of Com- merce	Philadelphia, Pa.
Fitzpatrick, E. O., Chairman of Board of Directors.	Sigsbee-Humphrey Pacific Co., Tacoma Commercial Club & Chamber of Commerce	Tacoma, Wash.
Fitzpatrick, Hugh P., Freight Agent	Swayn & Hoyt, Inc.	San Francisco.
Fitzpatrick, Paul, Vice-Pres.	General Motors Acceptance Corp.	New York City.
Flachs, Harry F.	Harry F. Flachs & Co.	Buenos Aires, Ar- gentina, S. A.
Flannery, J. Rogers, Pres.	American Vanadium Co.	Pittsburgh, Pa.
	National Foreign Trade Council.	New York City.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Flatley, J. J.	California Packing Corp.	San Francisco.
Flatow, Eric, District Sales Mgr.	Koppel Industrial Car & Equip- ment Co.	San Francisco.
Fleishacker, Herbert Pres.	Anglo & London Paris Natl. Bank	San Francisco.
Fleming, R. C., Man- ager Canned Goods Dept.	W. R. Grace & Co.	San Francisco.
Fletter, O. W., Oriental Dept.	Parrot & Co.	San Francisco.
Flint, M. H., Pres. .	L. A. Trust & Savings Bank....	Los Angeles, Cal.
Flye, Howard W. .	Aluminum Company of America.	San Francisco.
Flynn, L. J., Pacific Coast Mgr.	Export American Industries....	San Francisco.
Folger, J. A., Pres....	J. A. Folger & Co.	San Francisco.
Follansbee, A. W., Jr., Marine Secy.	Fireman's Fund Insurance Co. of San Francisco	San Francisco.
Fong, M. Q., Secy....	China Mail S. S. Co., Ltd.....	San Francisco.
Fontaine, R. G.	Oriental Vegetable Oils Co.....	San Francisco.
Foo, M. C.		Amoy, China.
Foord, John	The American Asiatic Assoc.	New York City.
Forbes, John F.	Haskins & Sells	New York City.
Forbes, J. Grant, Director	American Chamber of Commerce in London, American International Corp.	London, England.
Force, H. W., Pres....	California Corrugated Culvert Co.	Berkeley, Cal.
Force, R. C., Vice- Pres.	C. L. Best Gas Traction Co.	San Leandro, Cal.
Ford, E. H., Mgr. Export Dept.	Bishop & Co.	Los Angeles, Cal.
Ford, E. T., Sub-Mgr.	W. R. Grace & Co.	San Francisco.
Ford, Stanley, Mgr. Lumber Dept.	W. R. Grace & Co.	San Francisco.
Forker, Will R., Asst. Genl. Mgr....	Moreland Motor Truck Co.	Los Angeles, Cal.
Forsyth, James, Mgr. Foreign Dept.	First Natl. Bank, L. A.	Los Angeles, Cal.
Forsyth, W. O., Mgr. San Francisco Branch	Armour & Co.	San Francisco.
Fort, J. H.	Fageol Motors Co.	Oakland, Cal.
Foss, Charles W., Associate Editor ..	<i>Railway Age</i>	New York City.
Foster, Charles A., Pres.	Durham Colliery Co.	Tacoma, Wash.
Foster, F. A., Professor	Pekin University, American Chamber of Com- merce	Shanghai, China.
Foster, Fred G., Pres.	F. G. Foster Co., Hoquiam Commercial Club.....	Hoquiam, Wash.
Assistant to Vice- Pres.	Commonwealth Edison Co.....	Chicago, Ill.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Foster, George W., Mgr. Export Dept.	Wellman, Peck & Co.	San Francisco.
Foulks, R. A., Gen. Mgr., Far Eastern Development Dept.	American Express Co. and New York Central Lines	New York City.
Fowler, H., Pres....	Caldwell & Co., Inc.	New York City.
Fox, Chester, Gen. Sales Mgr.	Seattle-Astoria Iron Works.....	Seattle, Wash.
Fox, R. R., Vice-Pres.	Simonds Mfg. Co.	New York City.
Fox, Thos. H., Gen. Agent	Illinois Central R. R.	San Francisco.
France, C. J., Ex. Secy.	Port Commission, Port of Seattle	Seattle, Wash.
Francis, A. J., Repr.	Morgan & Allen Co. Natl. Jewelers Board of Trade..	San Francisco.
Frank, A. C., Export Mgr.	Firestone Tire & Rubber Co....	New York City.
Frank, F. J., Vice- Pres.	<i>The Iron Age</i>	New York City.
Frank, Isaac W., Chairman of Ex. Com.	United Engineering & Foundry Co.	Pittsburgh, Pa.
Frank, M. E., Pres.	Frank & Hyman, Inc.	San Francisco.
Frank, W. J., Mgr. Foreign Dept.	First National Bank at Pitts- burgh, Pittsburgh Chamber of Commerce	Pittsburgh, Pa.
Frazer, D. W., Export Mgr.	Swift & Co.	New York City.
Fredericks, J. D., Attorney	Fredericks & Hanna	Los Angeles, Cal.
Freeland, W. C., Cashier, Mgr.	First National Bank	Selma, Cal.
Freeman, Edward W., Asst. to Pres.	G. Amsinck & Co., Inc.	New York City.
Freeman, Jay C., Dept. Mgr. of Ex- port	Lyon & Healy Co.....	Chicago, Ill.
Freeney, J. E., Mgr. Export Dept.	C. E. Van Landingham Co.	Los Angeles, Cal.
French, W. H., Vice- Pres.	Cole-French Company, Receiver	Nobel Electric Steel Co., San Francisco.
French, W. Shepherd, Mgr.	California Ink Co.	San Francisco.
French, W. Shepherd, Mgr.	Frank B. Hall & Co., Inc.	San Francisco.
Frenzel, E. A., Pres.	Frenzel-Payne Co.	San Francisco.
Freuler, Hon. J., Consul	Switzerland	San Francisco.
Friede, Sydney A., Pres.	Hamilton Fish & Co., Inc.	New York City.
Friedlander, J., Vice- President	Anglo & London Paris Natl. Bank	San Francisco.
Friedman, Myer	Guy T. Slaughter & Co.	San Francisco.
Frisbie, J. Bernard..	The National City Bank of N. Y.	New York City.
Frister, Harry W., Secy. & Treas.	Oriental Supply Syndicate, Inc. ..	San Francisco.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Fritche, P. B., Mgr. Foreign Trade Dept.	Corbin & Co.	Chicago, Ill.
Fritsche, E. C., Mgr. Foreign Dept.	The Admiral Line	Seattle, Wash.
Frothingham, Donald, Gen. Mgr. Foreign Trade Dept. Repr.	New York Central Line, American Express Co.	New York City.
Fruhling, Paul L., Mgr.	Roy E. Newmark & Co.	San Francisco.
Fry, Alfred G., Pres.	British-American Bank, Bank of Montreal, Canadian Bankers' Assn.	San Francisco.
Fujioka, K., Vice- Pres.	Pacific Trading Company	San Francisco.
Fuller, C. L., Repr.	Marine Dept., A. Lietz Co.	San Francisco.
Fuller & Co., W. P.		San Francisco.
Funsten, J. J., Mgr., Gen. Export Dept.	American Trading Co.	San Francisco.
Furger, Dr. Francis, Secy.	Swiss Mission for Economic Studies in North America....	New York City.
Gabrielsen, Alfred, Pres.	Santa Cruz Canning Corp., Alfred Gabrielsen Co.	San Francisco.
Gage, C. B., Mgr., Honolulu Branch	Magor Car Corp., Chamber of Commerce	Honolulu, Hawaii.
Gallagher, Chas. F.	Chas. F. Gallagher & Staff	San Francisco.
Gallagher, H. R., Vice-Pres.	Shell Company of California....	San Francisco.
Gallegos, Hon. Al- fredo, Consul Gen- eral	Nicaragua	San Francisco.
Gammon, Walter S.	Music Industries Chamber of Commerce	New York City.
Gantner, J. O.	Gantner & Mattern Co.	San Francisco.
Garcia, J. M., Direc- tor	Western Fruit Jobbers Assn. of America, National League of Commission Merchants, International Apple Shippers' Assn.	San Francisco.
Gardin, John E., Chairman of Board	International Banking Corp.	New York City.
Gardiner, Alex. S., Rep.	Balfour, Guthrie & Co.	San Francisco.
Gardner, W. H., Sales Manager ...	Yuba Manufacturing Co.	San Francisco.
Garland, A. M., Asst. Gen. Mgr.	China Mail S. S. Co., Ltd.	San Francisco.
Garland, Robert, Pres.	Garland Manufacturing Co.	Pittsburgh, Pa.
Garnett, J. S.	Foreign Trade Club	San Francisco.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Garrett, Arthur	The Koster Company	
	Foreign Trade Club	San Francisco.
Garrett, Ernest, Mgr. Foreign Exch. Dept.	The Farmers & Merchants Natl. Bank	Los Angeles, Cal.
Garritt, G. S., Sales Mgr.	U. S. Steel Products Co.	San Francisco.
Garver, H. H., For- eign Trade Com. .	The Chicago Association of Com- merce	Chicago, Ill.
Gates, Cassius E., Attorney and Secy.	The Overseas Corporation, Ltd...	Seattle, Wash.
Gay, W. W., Rep. .	Lee & Gay	San Francisco.
Gearon, Herbert E., Mgr.	Meese & Gottfried Co.	San Francisco.
Geary, Edward H., Vice Pres.	Security Savings & Trust Co...	Portland, Ore.
Geballe, Harry, Mgr.	Alfred Kohlberg	San Francisco.
Gerken, Geo. T.	Pacific Tank & Pipe Co.	San Francisco.
Gerrie, John H., Fi- nancial Ed.	The Bulletin, Foreign Trade Club	San Francisco.
Gester, W. B., Mgr., Pacific Coast	Robert W. Hunt & Co.	San Francisco.
Getz, Louis	Getz Bros. & Co.	San Francisco.
Geyelin, Antony L., Pres.	Geyelin & Co., Inc.	Philadelphia, Pa.
Giannini, L. M.	Bank of Italy	San Francisco.
Giannini, R. R., Pres.	Bank of Italy	San Francisco.
Gibb, L. Chas., Salesman	Pacific Silicate Co.	San Francisco.
Gibson, W. A., For- eign Freight Agent	American Express Co., New York Central Lines	San Francisco.
Gil, Enrique	Argentine-American Chamber of Commerce, Aldao Campos & Gil	New York City.
Gilfillan, J. G., Vice- Pres., & Foreign Repr.	Gilfillan Bros., S. & R. Co.	Los Angeles, Cal.
Gillan, E. J., Pres. .	Mercurio Publishing Co., Inc. ...	New Orleans, La.
Gillespie, A. T.	A. T. Gillespie	Calcutta, India.
Gillespie, C. B.	Lodi Canning Co.	Lodi, Cal.
Gilman, J. N., Gen. Mgr.	De Laval Dairy Supply Co.	San Francisco.
Gilmore, Earl B., Pres.	Gilmore Petroleum Co.	Los Angeles, Cal.
Gilmour, Mrs. L. ...	Import & Export	San Francisco.
Giraud, Hon. Gaston, Commercial At- taché	French Indo-China	San Francisco.
Giant, A., Pres. & Mgr.	Chas. Harley Co., Chairman Pacific Div.	Natl. Assn. of Waste Material Dealers
		San Francisco.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Glasgow, Samuel, Pres.	Rose City Flour Mills, Pasco Flour Mills	Spokane, Wash.
Glaze, A. E., Mgr.	National Supply Co.	San Francisco.
Gless, Jules P.		San Francisco.
Gliddon, Gordon M.	Moore Shipbuilding Co.	Oakland, Cal.
Gliwic, Hipolit, Com- mercial Counselor.	Legation of Poland	Washington, D. C.
Globe Grain & Mill- ing Company		San Francisco.
Glynn, Thos.	The Koster Co.	San Francisco.
Gohrman, Hilda, Sec.	Board of State Harbor Com.	San Francisco.
Goin, Guy L., Asst. Gen. Freight Agent	A. T. & S. F. Ry. Co.	San Francisco.
Goldaracena, Hon. O. M., Consul	Uruguay	San Francisco.
Goldsmith, A. S., Honorary Secy. ..	American Assn. of China	Shanghai, China.
Goldsmith, Miss Lucy A., Export Mgr...	The Aeolian Co.	New York City.
Goldstein, S. L.	California Packing Corp.	San Francisco.
Gonzalez, J. Adolfo.	Chamber of Commerce	San Francisco.
Gonzalez, J. M., Exp. Mgr.	The Hale Co.	San Francisco.
Goode, Miss M., Acting Secy. For- eign Trade Bureau	Seattle Chamber of Commerce..	Seattle, Wash.
Goode, W. B., Sales Agent	Intertype Corp.	Brooklyn, N. Y.
Goodrich, Wm. O., Pres. & Repr.	Wm. O. Goodrich Co., Merchants & Mfg. Assn.	Milwaukee, Wis.
Goodwin, Burnett, Exp. Mgr.	King's Food Products Co.	Portland, Ore.
Goodwin, Vernon, Vice Pres. & Gen. Mgr.	Ambassador Hotels System	Los Angeles, Cal.
Gordon, C. M., Pres.	Bd. of Harbor Comm. City of Los Angeles, Municipal Dept.	Los Angeles, Cal.
Gordon, Lewis F., Mgr. Ingenieria In- ternacional	McGraw-Hill Co., Inc.	New York City.
Gordon, S. Evans, Repr.	U. S. Importing & Exporting Co., Inc.	Seattle, Wash.
Gorham, Miss Ella M., Secy.	Richardson & Holland, Inc.	Seattle, Wash.
Gormully, A. R., Ex- port Mgr.	Ajax Rubber Co.	New York City.
Gorsline, S. G., Repr.	Anderson-Barngrover Mfg. Co...	San Jose, Cal.
Gosse, F. A.	Vancouver Board of Trade.....	Vancouver, Wash.
Gould, Howard F. ..	Beta Theta Pi	Stanford University, Cal.
Gould, Mrs. Kather- ine C., Founder, President	Woman's Chamber of Commerce, National and International....	New York City.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Grady, D. K., Acting Secy., Foreign Trade Dept.	San Francisco Chamber of Commerce	San Francisco.
Graham, L. F.	J. H. Flickinger Co.	San Jose, Cal.
Graham, T. A., Asst. Frt. Traffic Mgr.	Southern Pacific Co.	San Francisco.
Grant, A. J., Elec. Supr.	Manila Elec Co.	Manila, P. I.
Grant, J. D., Director	General Petroleum Corp.	San Francisco.
Grant, Rollin P., Vice-Pres. of the Board	Irving National Bank	New York City.
Gravem, Nicholas, L. B.	Otis, McAllister & Co.	San Francisco.
Graves, Noel E., Sales Manager	Spearn-Wells Machinery Co., Inc.	Oakland, Cal.
Greco, V. V.	Greco Canning Co.	San Jose, Cal.
Green, Harry, Pres.	Harry Green & Co., Inc.	San Francisco.
Green, H. B., Sales Agent	Bethlehem Steel Co.	San Francisco.
Greene, J. W., Jr.	Franklin Baker Co.	San Francisco.
Greene, Samuel H., Secy. Mgr.	California Dairy Council, National Dairy Council	San Francisco.
Greenwood, Capt. Ed., Business Mgr.	Pacific Shipping Illustrated	Seattle, Wash.
Greif, J. M., Mgr. Export Dept.	New York Lubricating Oil Co.	San Francisco.
Griffin, Andrew G., Vice-Pres.	California Packing Corp.	San Francisco.
Grigorieff, Georges G., Vice-Pres.	The Russian-American Committee for the Far East (Vladivostok, Siberia)	New York City.
Grogan, Jas. J., Foreign Frt. Agent ..	A. T. & S. F. Ry. Co.	Chicago, Ill.
Grosjean, C. E., Owner	C. E. Grosjean Rice Milling Co.	San Francisco.
Gross, Felix, Pres.	Felix Gross Co., Foreign Trade Club, Chamber of Commerce	San Francisco.
Gruen, L., Pac. Coast Mgr.	General Phonograph Corp.	San Francisco.
Guercken, P. L., Director of Board.	The Kolchuguin Brass & Copper Rolling Mill Company in Moscow, Russia	New York City.
Guernsey, R. B., Pacific Coast Rep.	American Blower Co. (Detroit) ..	San Francisco.
Guerrero, S., Rep.	Republic of El Salvador	Salvador.
Gunn, Charles M., Pres.	Gunn, Carlo & Co.	San Francisco.
Gurnett, L. G., Financial Mgr.	Brown Company	Portland, Me.
Guthrie, C. Clement ..	Palfour, Guthrie & Co.	San Francisco.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Gutmann, I. B. A.,		
M. S.	Assoc. Mem. Amer. Soc. C. E. ..	San Francisco.
Gutte, Henry W.,		
Pres.	Henry W. Gutte & Co.	San Francisco.
Haaker, William C.,		
Vice-Pres.	Willits & Co., Inc.	San Francisco.
Haas, Charles W.,		
Pres.	Haas Bros.	San Francisco.
Haas, W. C.	First Wisconsin Natl. Bank	Milwaukee, Wis.
Hadley, Roy O., Sec.	Seattle Chamber of Commerce,	
	Commercial Club	Seattle, Wash.
Hager, A. R., Chair-		
man	American Chamber of Commerce	Shanghai, China.
Haigh, George C.,		
Vice-Pres.	The American Exchange National	
	Bank	New York City.
Haight, H. H.	Crocker National Bank	San Francisco.
Hail, H. F., Vice-		
Pres.	Knapp & Baxter, Inc.	San Francisco.
Haines, A. F., Vice-		
Pres. & Gen. Mgr.	Pacific Steamship Co.	Seattle, Wash.
Haines, H. H.	Galveston Commercial Assn.,	
	Texas Chamber of Commerce...	Galveston, Tex.
Hale, Marshal, Vice-		
Pres.	National Retail Dry Goods Assoc.	New York City.
Hale, R. B., Treas.	Hale Bros., Inc.	San Francisco.
Hall, Geo. L., Vice-		
Pres.	Pacific Los Angeles Export Co.	Los Angeles, Cal.
Hall, Harry, Vice-		
Pres.	Harry Hall & Co.	San Francisco.
Hall, H. H., Mgr.		
Book Dept.	Pacific Press Publishing Assn...	Mountain View, Cal.
Halsey, L. Rixford,		
Atty.	Monteagle & Rixford.....	San Francisco.
Halton, Fred J.,		
Mgr. SS. Dept...	Union Ticket Office	Chicago, Ill.
Ham, Thomas C.,		
Export Sales Dept.		
(N. Y.)	Jones & Laughlin Steel Co.	New York City.
Hamann, William A.,		
1st Vice-Pres.	The Roessler & Hasslacher Chem-	
	ical Co.	New York City.
Hamilton, Major		
Jack, Pacific Coast		
Mgr.	Koegon's International 3-Letter	
	Code	Seattle, Wash.
Hamilton, R. G.,		
Mgr.	Western Sales District	San Francisco.
Hamilton, R. G., Jr.,		
Auditor	General Steamship Corp.	San Francisco.
Hamilton, W. B.,		
Deputy Collector of		
Customs		San Francisco.
Hamm, Edward F.,		
Pres.	The Blakely Printing Co.	Chicago, Ill.
Hamman, K. L.,		
Mgr.	Hamman Advertising Co.	Oakland, Cal.
Hammer, F. G.	Hammer & Co.	San Francisco.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Hammer, W. H., Pres.	Foreign Trade Club of S. F. and Hammer & Co.	San Francisco.
Hammond, A. B., Pres.	Redwood Export Co.	San Francisco.
Hammond, J. G. (Mrs.), Foreign Trade Secy.	The Cleveland Chamber of Com- merce	Cleveland, O.
Haney, C. H., Mgr., Foreign Sales	International Harvester Co.	Chicago, Ill.
Hanford, W. S.	Pacific Orient Company	San Francisco.
Hanks, Abbot A., Pres.	Hanks, Abbot A.	San Francisco.
Hannevig, Edward, Owner & Mgr.	Hannevig Shipping & Trading Co..	San Francisco.
Hannon, J. E.	The Mengel Co.	Louisville, Ky.
Hansen, F. D., For- eign Dept.	The First National Bank	San Francisco.
Hanson, Burton S., Asst. Mgr.	The Challenge Machinery Co....	Grand Haven, Mich.
Haquette, E. P., Rep.	Niles - Bement - Pond Machine Tools, Pratt & Whitney Co.	New York City.
Harder, B. J. (Miss)	The Koster Co.	San Francisco.
Hardie, Leonard A., Secy.	Master Carburetor Co.	Los Angeles, Cal.
Harding, Earl, Pres..	Colombian Commercial Corp.	New York City.
Harding, Frederick C., Agent	Anglo South American Bank, Ltd.	New York City.
Hardy, Chas. S., Vice Pres.	Institute of American Meat Packers	Chicago, Ill.
Harper, F. F. G., Pres.	F. F. G. Harper Co., Inc.	San Francisco.
Harper, W. J., Vice- Pres.	J. M. Roddie Co., Inc.	San Francisco.
Harriman, Henry R., Repr.	Seattle Chamber of Commerce & Commercial Club	Seattle, Wash.
Harris, B. D., Vice- Pres.	The National City Bank of N. Y.	New York City.
Harris, C. M.	C. M. Harris & Co.	San Francisco.
Harris, Matthew A., Pres.	Van Arsdale Harris Lumber Co..	San Francisco.
Harrison, A. T.		San Jose, Costa Rica.
Harrison, M. C.	M. C. Harrison & Co.	San Francisco.
Harron, Tracy W., Export Dept.	Harron, Rickard & McCone.....	San Francisco.
Harrow, Thomas T.	Consolidated Steel Corp.	New York City.
Harry, William J., Repr.	E. H. Edwards Co. and Willamette Iron & Steel Co..	San Francisco.
Hart, Edwin G., Mgr.	Pan-American Hardwood Co. ...	Los Angeles, Cal.
Hart, Julien, Mgr. Partner	B. Hart & Brother	San Francisco.
Hartig, E. L., Vice- Pres. & Secy.	Jos. T. Ryerson & Son	Chicago, Ill.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Hartmann, Hugo, Gen. Mgr. & Secy.	Hartmann Trunk Co.	Chicago, Ill.
Harton, J. E., Mgr. Imp. Dept.	Pacific Export Lumber Co. of Portland, Ore.	San Francisco.
Hartsook, J. M., Sales Mgr.	Kimball Electric Co.	Oakland, Cal.
Harvey, Benj., Asst. Treas.	Garcia & Maggin Co.	San Francisco.
Harvey, Richard P., Exp. Mgr.	Eccles & Smith Co., and Foreign Trade Club	San Francisco.
Haslett, S. M., Pres.	The Haslett Warehouse Co.	San Francisco.
Hassan, E. A., Mgr.	Johnson & Higgins	San Francisco.
Hatch, Fred W., Dist. Mgr.	Pittsburgh-Des Moines Steel Co.	San Francisco.
Hatch, Jackson, Jr., Exp. Mgr.	G. Amsinck & Co., Inc.	San Francisco.
Hatch, L. C., Spec. Repr.	The White Company	San Francisco.
Hatfield, Secy.	Vallejo Chamber of Commerce.	Vallejo, Cal.
Hatfield, H. R., Dean, College of Com- merce	College of Commerce	Berkeley, Cal.
Hauch, W. M.	The Koster Co.	San Francisco.
Hauptman, Sidney M., Vice-Pres.	Chas. R. McCormick & Co.	San Francisco.
Hausman, John P., Pres.	Geo. S. Bush & Co., Inc., Seattle Chamber of Commerce.	Seattle, Wash.
Hauss, Charles F., Vice-Pres.	Mediterranean Trading Co., Inc., Italian Chamber of Commerce (N. Y.)	New York City.
Hawkins, E. G.	Hawkins & Raines	Los Angeles, Cal.
Hawley, E. L., Pres.	E. L. Hawley Co.	San Francisco.
Hawley, Lloyd C.	San Francisco Chamber of Com- merce	San Francisco.
Haworth, J. P., Repr.	W. W. Fowler & Co. (Shanghai, China)	Chicago, Ill.
Hayden, Curtiss, Asst. Treas.	Dunham, Carrigan & Hayden Co.	San Francisco.
Hays, T. A., Asst. to Vice-Pres.	Union Oil Co. of California....	San Francisco.
Hayes, A. J.	C. Beyfuss Co.	San Francisco.
Hayes, C. V., Vice- Pres.	The Wilcox-Hayes Co.	Shanghai, China.
Haynes, Roger P.	H. M. Newhall & Co.	San Francisco.
Hazelrigg, Henry C., Mgr. Exp. Dept.	Standard Biscuit Co.	San Francisco.
Heath, J. G., West- ern Mgr.	Remington Arms U. M. C. Co.	San Francisco.
Heathcote, Bruce, Mgr.	Canadian Bankers Assn., The Canadian Bank of Commerce	San Francisco.
Heckman, Ray, Repr.	United Commercial Co.	San Francisco.
Hedges, S. H., Pres.	Puget Sound Bridge & Dredging Co.	Seattle, Wash.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Hegardt, G. B., Chief Engineer & Secy.	The Commission of Public Docks	Portland, Ore.
Heggie, David, Asst. Treas.	Shell Company of California....	San Francisco.
Heilbron, H. L., Sec.	Charles Harley Co.	San Francisco.
Heineberg, J. A., Treas.	Pacific Orient Co.	San Francisco.
Heinick, F. R., Pres.	Pacific Western Commercial Co.	San Francisco.
Heinz, Howard, Pres.	H. J. Heinz Company	Pittsburgh, Pa.
Hellman, Irving H., ings Bank	Hellman Comm. Trust & Sav-	Los Angeles, Cal.
Helm, Henry D., Mgr. New Orleans.	Lunham & Moore	New Orleans, La.
Helmquest, W. J., Pres.	California Card Mfg. Co.	San Francisco.
Helser, Charles W., Vice-Pres.	West Coast Life Ins. Co.	San Francisco.
Henderson, F. B., Asst. Gen. Mgr. ..	Associated Oil Co.	San Francisco.
Henderson, James E., Sales Mgr.	Lexington Water Co.	Connersville, Ind.
Henderson, W. B., Director	International Trade Dept., Pac. Ports, Frank Waterhouse & Co.	Seattle, Wash.
Henderson, Wm., Marine Agent	Automobile Ins. Co. of Hartford	San Francisco.
Henningsen, Victor W., Exp. Mgr.	Henningsen Produce Co.	Portland, Ore.
Henrici, H. H., Pres.	The Johnson Locke Mer. Co. ...	San Francisco.
Henry, H. C.	Manufacturers' Assn. of Wash- ington	Seattle, Wash.
Hensley, C. P., Salesman	Jones & Laughlin Steel Co.	San Francisco.
Hennis, H. D., Secy.	I. K. Laucks, Inc.	Seattle, Wash.
Herbert, Geo. N., Pres.	Herbert Packing Co.	San Jose, Cal.
Herget, H. G., Pres.	Pekin Cooperage Co., Associated Cooperage Industries of America	St. Louis, Mo.
	National Foreign Trade Council.	New York City.
Hermann, John	York Safe & Lock Co.	York, Pa.
Herr, E. G., Mgr., Oriental Imp. Dept.	W. R. Grace & Co.	San Francisco.
Hess, W. F., Paying Teller	Wells Fargo Nevada National Bank	San Francisco.
Hesse, John A., Mgr. Securities Dept. ..	Marine Corporation	Seattle, Wash.
Hewitt, Edw. T., Secy.	Hewitt-Ludlow Auto Co.	San Francisco.
Hey, Edmund A., Gen. Mgr.	J. Aron & Co., Inc.	San Francisco.
Heynemann, James L.	Eloesser-Heynemann Co.	San Francisco.
Hibberd, I. N., Mer- chant		San Francisco.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Hickie, William P., Mgr. Iron & Steel Dept.	Hartmann Pacific Co., Pacific Comm. Co. (Manila, P. I.), Andersen, Meyer & Co., Ltd. (Shanghai, China)	San Francisco.
Hickok, G. F., West- ern Sales Agent ..	The Pollak Steel Co.	San Francisco.
Higashi, G., Pro- Mgr.	The Sumitomo Bank, Ltd.	San Francisco.
Higgins, H. R., Traf- Mgr.	Rosenberg Bros. & Co.	San Francisco.
Hill, E. R.	Oregon Export & Import Co....	Portland, Ore.
Hill, Louis W., Chairman of Bd..	Great Northern Ry. Co..... National Foreign Trade Council..	St. Paul, Minn. New York City.
Hille, Jay C., Pres. .	Peck & Hills Furniture Co.	Los Angeles, Cal.
Hills, Yale D., Exp. Mgr.	Bearings Service Co., Timken Roller Bearing Co., Hyatt Roller Bearing Co., New Departure Mfg. Co.	San Francisco.
Hillyer, Fred E., Off. Mgr.	Cebickford & Co.	San Francisco.
Hinckley, Frank E., Secy.	China Commerce Club of Cali- fornia	San Francisco.
Hines, J. S., Pub- lisher	<i>Pacific Marine Review</i>	San Francisco.
Hinokuma, H., Asst. Mgr.	Toyo Kisen Kaisha	San Francisco.
Hinze, H. S., Mgr. Storage Bat- tery Dept.	National Carbon Co., Inc.	San Francisco.
Hiscox, L. A., Mgr.	San Francisco Lumber Yards...	San Francisco.
Hitching, F. K., Vice- Pres.	A. O. Andersen & Co.	San Francisco.
Hoeck, Fred W., Mgr. Iron & Steel Dept.	The Alberto-Barrios Co.	San Francisco.
Hoffman, H. L.	The Tupman Thurlow Co., Inc..	San Francisco.
Hoffman, R. B., Mgr. Grain Dept. .	Porter Trading Co.	San Francisco.
Hoge, James D., Chairman of Bd..	Union National Bank of Seattle.	Seattle, Wash.
Hoge, W. H., Mgr. Pacific Coast Ex- port Dept.	H. W. Johns-Mansville Co.	San Francisco.
Hojack, John, Un- derwriter	M. C. Harrison & Co.	San Francisco.
Holcombe, R. A., Mgr. Merchandise Brokerage Dept. .	R. A. Holcombe & Co.	San Francisco.
Holliday, Alexander H., Mgr. Exp.	Iones & Laughlin Steel Co.	Pittsburgh, Pa.
Hollingshead, J. Car- roll, Pres.	J. D. Hollingshead Co.	Chicago, Ill.
Holloday, Harry E., Importer	Harry E. Holloday	Melbourne, Australia.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Hollowell, H. H., Secy. & Sales Mgr.	Western Machinery Co.	Los Angeles, Cal.
Holt, C. Parker, Treas.	The Holt Mfg. Co.	Stockton, Cal.
Holt, J. O., Pres.	Northwest Cannery Assn. Oregon Growers Coop. Assn.	Salem, Ore.
Holt, W. A., Asst. Cashier	United States National Bank....	Portland, Ore.
Homs, Pablo, Exp. Mgr.	Cole Motor Car Co.	New York City.
Honigbaum, Alfred, Exp. Mgr.	Rosenberg Bros. & Co.	San Francisco.
Hood, A. B.	The Koster Co.	San Francisco.
Hook, J. W., Pres.	Allied Machinery Co. of Amer...	New York City.
Hoover, James	The Koster Co.	San Francisco.
Hopkins, Stephen, Mgr.	Kaas, Hopkins Co., Foreign Trade Club	San Francisco.
Horner, W. S., Pres.	Natl. Assn. Sheet and Tin Plate Mfrs.	San Francisco.
Horowitz, James, Exp. Mgr.	J. W. Butler Paper Co.	Chicago, Ill.
Horstmann, Wm. J., Mgr.	The Pacific Guano & Fertilizer Co.	San Francisco.
Hosking, Wm. H., Repr.	Andrews & George Co. (Tokyo, Japan)	New York City.
Hostater, John E., Mgr. Pac. Coast	Young Commission Co., Inc....	San Francisco.
Houdlette, E. S., Sales Director	Pacific Coast Steel Co.	San Francisco.
Houghteling, Wm.	Ryone & Co.	San Francisco.
House, Frank M., Sales Mgr.	Union Gas Engine Co.	Oakland, Cal.
Houser, M. H., Pres.	Port of Portland Commission... National Foreign Trade Council..	Portland, Ore. New York City.
Houssels, B., Pres.	International Packing Corp.	Los Angeles, Cal.
Hovden, K.	Foreign Trade Club	Monterey, Cal.
Hovey, Winthrop T., Mgr., Pacific-	Northwest	Hathaway, Smith, Folds Co.
Hovland, John P., Vice-Pres.	Interstate & Foreign Trade Div. Chicago Assn. of Commerce...	Chicago, Ill.
Howard, Geo. W., Repr.	No. Grain & Warehouse Co....	Los Angeles, Cal.
Howard, R. S., Pres. & Treas.	R. S. Howard Co.	New York City.
Howatt, Edw. B., Salesman	C. G. Cambron, Foreign Trade Club	San Francisco.
Howe, E. K., Mgr., Lumber Dept.	Robert Dollar Co.	San Francisco.
Howland, L. D.	American Assoc. of Engineers..	Chicago, Ill.
Hoxie, Harvey H.	Ohio Brass Co.	Mansfield, O.
Hoyle, C. W., Mgr. Detroit Off.	Gerhard & Hey	Detroit, Mich.
Hoyt, John G., Vice- Pres.	Swayne & Hoyt, Inc.	San Francisco.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Hoyt, R. S.	R. S. Hoyt, Foreign Trade Club	San Francisco.
Hoyt, Ralph W., Chairman, County Commissioner	Multnomah County	Portland, Ore.
Hozack, John, Un- derwriter	M. C. Harrison & Co.	San Francisco.
Hsieh, Dr. T.	Liberty Steel Products Co.	Shanghai, China.
	Chinese Chamber of Commerce..	New York City.
Hsu Cho-Nryu, Engi- neering Mgr.	Commercial Press, Shanghai....	Shanghai, China.
Hubbard, B. S., Pres.	Union Lithograph Co.	San Francisco.
Huddart, F. H.	J. W. Richards, Associated Cooperage Industries of America	San Francisco.
Hudson, C. D., For- eign Dept.	Citizens National Bank of L. A..	Los Angeles, Cal.
Hudson, H. L., Gen. Traffic Mgr.	Port of Portland, Commission of Public Docks....	Portland, Ore.
Huggins, A. W., Pres.	A. I. Hall & Sons, National Jewelers Board of Trade	San Francisco.
Hughes, Frank P., Mgr. Imp. Dept.	W. R. Grace & Co.	San Francisco.
Hughes, R. R., Trav. Salesman	T. H. Hughes & Sons	Valparaiso.
Hughes, W. K., Mgr.	Andersen-Meyer & Co., Ltd., Pacific Commercial Co., Hartmann Pac. Co., China Commerce Club	San Francisco.
Hughson, W. L., Pres.	Hughson & Merton	San Francisco.
Hume, C. E., Pres.	G. W. Hume Co.	San Francisco.
Hume, Frederic W.	National Publishers Assn.	New York City.
Hunneman, W. C., Jr., Vice-Pres.	Quaker City Corp., Phila. Board of Trade	Philadelphia, Pa.
Hunt, C. F., Vice- Pres.	Anglo & London Paris Natl. Bank	San Francisco.
Hunt, Rockwell D.	Dept. Economics, University of So. Cal.	Los Angeles, Cal.
Hunt, Willis G., Pres.	Pioneer Paper Co.	Los Angeles, Cal.
Hunter, Frank T., Pres.	Frank T. Hunter Co.	Seattle, Wash.
Hurlbut, Edw. H., Publicity Director.	National Foreign Trade Conven- tion	San Francisco.
Hurwitz, Nathan A., Gen. Mgr.	The Krenz Co.	San Francisco.
Huston, Frank M., Mgr.	(Statistical & Analytical Div.) Federal Reserve Bank	Chicago, Ill.
Hutsen, C. S., Pres.	C. S. Hutsen & Co.	Los Angeles, Cal.
Huxley, E. H., Pres.	United States Rubber Export Co., Ltd.	New York City.
	Am. Chamber of Commerce....	Mexico City, Mex.
	National Foreign Trade Council..	New York City.
	Rubber Assn. of America.....	New York City.
	Motor & Accessory Mfrs. Assn...	New York City.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Hydes, C. E., Spec. Agent, Marine Dept.	Fireman's Fund Ins. Co., Foreign Trade Club	San Francisco.
Hykes, Arthur B. .	United States Steel Products Co.	Shanghai, China.
Ibanez, L. C., Mgr. West Indies Dept.	American Trading Co.	San Francisco.
Imagawa, Y., Secy.	Yokohama Specie Bank, Ltd.	San Francisco.
Imrie, Herbert D. .	R. E. Noble & Co.	San Francisco.
Ingels, E. M., Mgr. Exp. Dept.		San Francisco.
Ingersoll, A. M. .	A. M. Ingersoll	Tacoma, Wash.
Ingle, E. Q., Director	L. Dinkelspiel Co.	San Francisco.
Ingram, A. C., Traf- fic Mgr.	California Peach Growers.	Fresno, Cal.
Ipswitch, A. L., Exp. Dept.	A. Rupert Co., Inc.	San Francisco.
Ireland, B. C.		San Francisco.
Irons, Wm., Agent .	Puget Sound Flour Mills Co.	Tacoma, Wash.
Irons, W. T., Treas.	Cushman Motor Works.	Lincoln, Nebr.
Ishikura, R.	S. F. Chamber of Commerce, O. Kura & Co., Ltd.	Tokio, Japan.
Ishizaki, Kenji, Mgr. Agent	Mogi & Co.	San Francisco.
Israel, E.	The Koster Co.	San Francisco.
Iwai, T., Director .	Iwai & Co.	Osaka, Japan.
Jaacks, Paul, Orien- tal Dept.	American Finance & Commerce Co.	San Francisco.
Jackson, A. T., Vice- Pres.	Emerson-Brantingham Co.	Rockford, Ill.
Jackson, Henrietta M., Coast Mgr. .	Mida's Trade Mark Bureau.	San Francisco.
Jackson, J. M.	Atlas Tack Corp.	Fairhaven, Mass.
Jackson, Miss Mar- ion, Publicity Mgr.	Wells Fargo Nevada Natl. Bank.	San Francisco.
Jackson, L. N., Pres.	L. N. Jackson & Co., Inc.	San Francisco.
Jackson, Samuel M., Pres.	National Bank of Tacoma.	Tacoma, Wash.
Jacobi, J. M., Mgr. Di- rector	Empire Trading Co.	San Francisco.
Jacobs, Isidor, Pres.	California Canneries Co., Anglo-American Commercial Co., Fruit & Vegetable Canning Ex- porters	San Francisco.
Jacoby, Wm. B., Mgr. Western Sales Dept.	American Wood Working Ma- chinery Co.	San Francisco.
Jaeger, William P., Pres.	Jaeger Trading Co.	San Francisco.
Jahncke, Ernest Lee, Pres. & Gen. Mgr.	Jahncke Dry Dock & Ship Repair Co., Inc.	Philadelphia, Pa.
James, Chas. H.	1st National Bank	New Orleans, La.
James, Harry T. .	Bass Hueter Paint Co.	San Francisco.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Jamison, Edgar, Pres.	Jamison Steel Co.	San Francisco.
Jannopoulos, A., Secy. & Treas. ...	Shreve & Co., Foreign Trade Club	San Francisco.
Jefferies, F. S., Secy.	San Francisco Assoc. of Credit Men	San Francisco.
Jefferies, J. G., West. Rep.	Gold Medal Camp Fur. Mfg. Co..	Racine, Wis.
Jenkins, Albert E., Mgr. Machinery Dept.	S. L. Jones & Co.	San Francisco.
Jenkins, David W., Pac. Mgr.	Henry Disston & Sons, Inc.....	Seattle, Wash.
Jenkins, J. Harry ...	Thomas Simpson & Co.	San Francisco.
Jennings, Charles F..	California Packing Corp.	San Francisco.
Jensen, Joseph F., Asst. Mgr., Exp. Dept.	California Central Creameries...	San Francisco.
Jensen, W. H., Pac. Mgr.	The Sharples Separator Co.	San Francisco.
Jessen, Edgar I., Sales Mgr.	California Phonograph Co.	San Francisco.
Jessie, Jas. G., Secy..	F. E. Booth Co.	San Francisco.
Jimenez, Ernesto, Rep.	C. of C., Panama	Panama.
Jimenez, Hon. Fran- cisco, Consul	Panama	San Francisco.
Johnson, Alba B., Pres.	Philadelphia Chamber of Com- merce	Philadelphia, Pa. National Foreign Trade Council.. New York City.
Johnson, Chas. H., West. Rep.	Henry Disston & Son.....	Philadelphia, Pa.
Johnson, C. R., Di- rector	Redwood Export Co.	San Francisco.
Johnson, Dean, Vice-Pres.	Scandinavian American Bank...	Tacoma, Wash.
Johnson, H. S., Secy.	Monarch Diamond Oil Co.....	Berkeley, Cal.
Johnson, J. B. S. ...	Otis McAllister & Co.	San Francisco.
Johnson, Reeves K., Mgr., Foreign Sales	Baldwin Locomotive Works....	Philadelphia, Pa.
Johnson, Walter W., Pres.	Union Construction Co.	Oakland, Cal.
Johnston, A. L., Pres. & Secy., Resident Secy.	Royal Indemnity Co.	San Francisco.
Johnston, Franklin, Publisher	American Exporter	New York City
Johnston, Geo. F., Sales Dept.	Traung Label & Lithograph Co., Foreign Trade Club	San Francisco.
Johnston, H. Wat- ters, Vice-Pres. & Sales Mgr.	Traung Label & Lithograph Co.,	San Francisco.
Johnston, John F., Service Mgr.	Union Construction Co.	Oakland, Cal.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Johnston, R. H., Vice-Pres	The White Co.	Washington, D. C.
Johnston, R. L., Exp. Mgr.	California Hydraulic Engr. & Supply Co.	San Francisco.
Johnston, Samuel ...	Johnston-Ayres Co.	San Francisco.
Johnstone, E. O., Dis. Sales Mgr.		Portland, Ore.
Jones, Arthur H., Agent	Consolidated Steel Corp.	Seattle, Wash.
Jones, C. F., Traffic Mgr.	Pacific Press Publishing Assn. ..	Mountain View, Cal.
Jones, Clinton, Jr. ...	Herbert Jones & Bro.	San Francisco.
Jones, Earl R., As- soc. Mgr.	H. J. Baker & Bros.	San Francisco.
Jones, Herbert ...	Herbert Jones & Bro.	San Francisco.
Jones, Howard F., Repr.	Willits & Patterson	San Francisco.
Jones, I. E., Gen. Sales Mgr.	C. L. Best Gas Traction Co. ...	San Leandro, Cal.
Jones, J. P., Exp. Buyer	Macondray & Co.	San Francisco.
Jones, Owen N., Mgr.	E. I. duPont de Nemours Export Co.	San Francisco, Tacoma, Wash.
Jones, Wm.		
Jones, W. R., Dept. Mgr.	Willits Patterson & Green	Los Angeles, Cal.
Jones, W. W., Vice- Pres.	Merchants Natl. Bank	San Francisco.
Joseph, E.	M. T. Blum & Co.	San Francisco.
Joyner, R. A., Mgr., Tonnage Dept. ...	American Trading Co.	San Francisco.
Juda, Leon, Partner.	Juda Bros.	San Francisco.
Juda, S. F., Partner.	Juda Bros.	San Francisco.
Judd, E. E., Gen. Mgr.	Am. Webbing Mfrs. Export Corp.	New York City.
Judell, H. L., Pres. ...	H. L. Judell & Co.	San Francisco.
Judge, J. W.	Upton Nut Co., Burne-Fuller Co.	San Francisco.
Jue, K. S., Secy. ...	Chinese Six Companies	San Francisco.
Jung, M. S., Gen. Mgr.	Chinese American Mercantile Co., Inc.	San Francisco.
Junghandel, Max, Mgr.	American Neolith Works	San Francisco.
Jupp, Alfred J., Vice- Pres.	The Lunkenheimer Co.	Cincinnati, Ohio.
Kaas, Chas. A., Mgr. Paper Dept.	Getz Bros. & Co., Inc.	San Francisco.
Kaganky, M., Vice- Pres.	Russian Club of Seattle	Seattle, Wash.
Kahl, E. A., Sub. Mgr.	W. R. Grace & Co.	San Francisco.
Kahman, P. F. M., San Francisco Off. ...	Indische Handels Compagnie of Batavia	San Francisco.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Kaiser, C. E., Asst. Mgr., Foreign Dept.	Denver Rock Drill Mfg. Co.	Denver, Colo.
Kasai, Kenji		San Francisco.
Kauffman, E. E., Vice-Pres.	H. S. Crocker Co., Inc.	San Francisco.
Kaufman, Eugene H., Mgr., Accessory Dept.	Inter-Ocean Film Corp.	New York City.
Kaufman, J., Mgr., Chemical Dept.	Monroe, Leon & Tees, Inc.	San Francisco. —
Kaufman, R. D., Mgr. Foreign Cred- it Dept.	Judson Frt. Forwarding Co.	Los Angeles, Cal.
Kaufman, W.	The Thornton Woolen Mill Co. (Petrograd)	New York City.
Kawashima, K., 2nd Vice-Pres & Mgr.	North American Mercantile Co.	San Francisco.
Kayser, Chas. W., Western Mgr.	Joseph Wild & Co.	New York City.
Kearney, J. J., Pres.	Stearns Elec. Paste Co.	Chicago, Ill.
Keeney, F., Gen. Mgr.	Western Mineral Products Co.	Oakland, Cal.
Keeton, Ronald T., Mgr., Pac. Coast Despatch	Pacific Railway Equipment Co., Foreign Trade Club	San Francisco.
Keister, Jas. B., Vice- Pres. & Gen. Mgr.	National Lead Co. of Cal.	San Francisco.
Kellogg, A. H., Vice- Pres. & Secy.	Seattle Chain Co.	Seattle, Wash.
Kelly, George, Com- missioner	Port of Portland	Portland, Ore.
Kelly, J. J., Repr.	Astoria Flouring Mills	San Francisco.
Kelly, Lt. Col. Wm.	Corps of Engineers of U. S. Army	San Francisco.
Kemmer, Edward P., Mg. Secy.	Tacoma Commercial Club, Chamber of Commerce	Tacoma, Wash.
Kemp, William M.	Miller Saw Trimmer Co.	San Francisco.
Kennedy, C. D., Dist. Agent	U. S. S. B. E. F. C. Div. of Operation	Portland, Ore.
Kennedy, Frank, Rep.	Guaranty Trust Co.	San Francisco.
Kennedy, Hon. Philip B., Director.	Bureau of Foreign & Domestic Commerce	Washington, D. C.
Kennedy, Philip J.		Los Angeles, Cal.
Kennedy, S. Ward, Secy.	Kalamazoo Veg. Parchment Co.	Kalamazoo, Mich.
Kennedy, Thomas W.	Petroleum Products Co.	San Francisco.
Kenny, G. J.	Trans-Oceanic Co.	San Francisco.
Kent, Fred I., Vice- Pres.	Bankers Trust Co., National Foreign Trade Council.	New York City.
Kenworthy, J. D., Mgr.	Wadhams & Kerr Bros.	Portland, Ore.
Kenyon, A. T., Mgr. Steel Dept.	The Chas. Cable Company, Inc.	San Francisco.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Kenzel, E. R., Controller of Investments	Federal Reserve Bank of N. Y.	New York City.
Kepler, Geo. W., Secy. & Gen. Mgr.	The Computing Scale Co.	Dayton, O.
Kerr, Andrew	Steiger & Kerr Stove & Foundry Co.	San Francisco.
Kerr, Jas., Pres....	Roberts Mfg. Co.	San Francisco.
Kerr, J. A. H., Vice-Pres. & Cashier ..	Security National Bank	Los Angeles, Cal.
	National Foreign Trade Council..	New York City.
Kerr, Peter, Pres....	Kerr Gifford & Co., Inc.	Portland, Ore.
Kessler, K. E., Repr..	General Motors Export Co.	San Francisco.
Kettenbach, O. I....	Portland Flouring Mills Co.	Portland, Ore.
Keyston, F. B., Mgr. Exp. Dept.	Keyston Bros.	San Francisco.
Keyston, J. W., Jr., Secy.	Keyston Bros.	San Francisco.
Kibbe, L. H., Pres...	Cobbledick-Kibbe Glass Co.	Oakland, Cal.
Kidston, W. L., Editor-in-Chief ...	Seattle Journal of Commerce....	Seattle, Wash.
Kiely, Humphrey J., Mgr. N. Y. Office..	Link Belt Co.	New York City.
Kilbourne, E. L., Secy.	Koster Co.	San Francisco.
King, C. O., Sales Mgr.	Turner, Halsey Co., Foreign Trade Club	San Francisco.
King, C. R., Gen. Frt. Agent	Pacific Mail S. S. Co.	San Francisco.
King, Frank B., Vice-Pres. & Cashier ..	Wells Fargo Nevada National Bank	San Francisco.
King, H. H., Advertising Mgr.	C. L. Best Gas Traction Co.	San Leandro, Cal.
King, L. M., Secy....	San Francisco Chamber of Commerce	San Francisco.
King, T. J., Gen. Sales Mgr.	Diamond Chain & Mfg. Co.	Indianapolis, Ind.
King, Walt, Sales Mgr.	Berger & Carter Co.	San Francisco.
Kinhead, E. G., Coast Rep.	U. S. Playing Card Company....	San Francisco.
Kinhead, J. A., Resident Sales Mgr....	Parkesburg Iron Co.	San Francisco.
Kinney, G. I., Local Mgr.	International General Elec. Co., Inc.	San Francisco.
Kinsell, H. S., Secy. & Treas.	Frenzel-Payne Co.	San Francisco.
Kirsch, F. M., Mgr..	National Tank & Pipe Co.	Portland, Ore.
Kittle, A. F., Vice-Pres. & Gen. Mgr.	Nielsen & Kittle Canning Co., Ltd.	San Pedro, Cal.
Kittle, J. C., Mgr. Oriental Import...	Mailliard Schmiedell	San Francisco.
Kitto, S. H., Vice-Pres. & Cashier....	First National Bank (Oakland, Cal.)	Oakland, Cal.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Klein, H. W., Foreign		
Fr't. Agent	Southern Pacific Co.	San Francisco.
Klevesahl, H. C.,		
Cashier	Humboldt Savings Bank	San Francisco.
Klinker, V.,		
Asst. Cashier	Anglo & London Paris Natl. Bank	San Francisco.
Knapp, C. L.		Oakland, Cal.
Knapp, F. C., Member	The Commission of Public Docks,	
Pres.	Peninsula Lumber Co.,	
Pres.	Peninsula Shipbuilding Co.....	Portland, Ore.
Knapp, Frank M. ...	Warren Chamber of Commerce..	Warren, Pa.
Knoll, Harry W.,		
Mgr.	Fisher Advertising Agency.....	San Francisco.
Knouse, L. M., Repr.	Greenfield Tap & Die Corp.....	Greenfield, Mass.
Knowlton, W. M.,		
Traf. Mgr.	Porter Trading Co.	San Francisco.
Koch, Geo. A., Mgr..	Wagner Leather Co.	San Francisco.
Kojima, J., Mgr. ...	Yokohama Specie Bank, Ltd....	San Francisco.
Kolb, Fred W., Dist.		
Sales Mgr.	The Duriron Company	San Francisco.
Koma, Jutarō,		
Imp. Dept.	Mitsui & Co., Ltd.	San Francisco.
Konold, Geo. G., Jr.,		
Secy.	Warren Tool & Forge Co.....	Warren, Ohio.
Koors, E. J., Exp. &		
Imp. Agt.	Northern Pacific R. R.	Seattle, Wash.
Kortock, J. C., Owner		
& Gen. Mgr.	Kortick Mfg. Co.	San Francisco.
Koshland, Adolf,		
Pres.	Pan-Pacific Trading Co.	San Francisco.
Koster, C. L., Vice-		
Pres.	California Barrel Co.	San Francisco.
Koster, F. J., Chair-		
man of Bd.	The Koster Co.	San Francisco.
	National Foreign Trade Council..	New York City.
Koster, Harold W.,		
Mgr. Machinery		
Dept.	The Koster Co.	San Francisco.
Koster, Henry A.,		
Pres. & Gen. Mgr..	The Koster Co.	San Francisco.
Koster, John A.,		
Pres.	California Barrel Co.	San Francisco.
Koster, Ludwig C. ...	Foreign Trade Club	San Francisco.
Kraemer, S. J., Pres.	The American Import Co.	San Francisco.
Kratzer, E. W., Mgr.		
Dist. Sales	Oliver Iron & Steel Co.	San Francisco.
Kreider, Sam L., Mg.		
Owner		Los Angeles, Cal.
Krcling, J. A.	Pratt-Low Preserving Co.	Santa Clara, Cal.
Krenkel, Harry N.,		
Material Officer		
12th Dist.	Treasury Dept., U. S. Public	
	Health Service	San Francisco.
Kromidakis, James K.	Federal Board for Voc. Ed.	San Francisco.
Kruesi, F. E., Mgr..	Frazar & Co.	Seattle, Wash.
Kuehl, Robert W.,		
Asst. Mgr., Foreign		
Dept.	Irving National Bank	New York City.
Kumiya, S.	Shimazu Mfg. Co.	Kiyoto, Japan.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Kwan, T. P., Repr...	Chinese Chamber of Commerce..	San Francisco.
Kwong, Chin-Pan ..	Industrial Bureau of the Province of Chili	Tientsin, China.
Kyle, W. B., Engineer	McClinton-Marshall Products Co.	New York City.
Labadie, Victor,		
Traf. Mgr.	Willits & Patterson, Foreign Trade Club	San Francisco.
LaBart, E. S., Pub.		
Director	Wilson & Co.	Chicago, Ill.
Labbe, A. G., Vice-		
Pres.	Willamette Iron & Steel Wks...	Portland, Ore.
Lacy, Geo. S., Vice-		
Pres.	Norman S. Wright & Co.	San Francisco.
Lacy, R. H.	Lacy Manufacturing Co.	Los Angeles, Cal.
Lafler, H. A.		Oakland, Cal.
Laidlaw, J. E., Repr.	Geo. E. Billings	San Francisco.
Lalanne, L. J., Asst.		
Mgr.	Porter Trading Co.	San Francisco.
Lally, H. T., Pres...	Mark-Lally Co.	San Francisco.
Lamb, Frank H.,		
Pres.	Lamb Machine Co., Gray Harbor Port Commission, Hoquiam Comm'l Club	Hoquiam, Wash.
LaMontagne, E. C.,		
Assoc. Mgr.	H. J. Baker & Bros.	San Francisco.
Lampman, J. B., Asst.		
Gen. Sales Mgr...	Worthington Pump & Machinery Corp.	New York City.
Lancaster, J. E.	Goodyear Tire & Rubber Co....	Seattle, Wash.
Lander, John, Treas.	Shell Company of Cal.	San Francisco.
Landfield, Jerome,		
Exec. Vice-Pres...	American Russian Chamber of Com.	New York City.
Landon, Frank H.,		
Pres.	General Can Company	Chicago, Ill.
Landry, J. A.	Asso. of Commerce	New Orleans, La.
Landry, Wm. A., 2nd		
Vice-Pres.	Dunham, Carrigan & Hayden Co.	San Francisco.
Lane, Fulton, Repr...	Frank Waterhouse & Co., Pac. Ports	Los Angeles, Cal.
Lane, Walter J.,		
Traf. Mgr.	Guggenhime & Co.	San Francisco.
Lang Mfg. Co., F. S.		Seattle, Wash.
Langdon, J. C., Vice-		
Pres.	Dunham, Carrigan & Hayden Co.	San Francisco.
Lange, F. G. E., Secy.		
& Treas.	United States Trading Corp., Grain Dealers National Assoc. ...	San Francisco.
Langner, Lawrence,		
Solicitor of Patents	Lawrence Langner	New York City.
Lanzit, M. H.	Oriental Products Co.	San Francisco.
Larke, T. H., Mgr.		
Pac. Coast Passen-		
ger Office	International Mercantile Marine Co.	San Francisco.
LaRoche, W. P., City		
Atty.	The Commission of Public Docks	Portland, Ore.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Larsen, Louis A., Foreign Dept.	R. G. Dun & Co.	San Francisco.
Larson, J. Fred, Vice- Pres.	Pacific International Co.	Portland, Ore.
Lasser, Milton, Sr., Member	Lasser Bros.	New York City.
Lastreto, C. B.	Lastreto & Co.	San Francisco.
Lavadia, C.	Philippine Chamber of Commerce, Roces & Co.	Manila, P. I.
Lawrence, F. B., Sales Mgr.	Hartwood Lumber Co.	San Francisco.
Lawrence, H. W., Pac. Coast Repr.	Williams & Terhune, Inc.	San Francisco.
Lau, H. B.	Moorehead Knitting Co.	Harrisburg, Pa.
Lay, J. M., Mgr.	Imperial Bank of Canada	Vancouver, B. C.
Lazell, E. W., Chem. Eng.		Portland, Ore.
Leach, N. A., Vice- Pres.	Kerr Gifford & Co., Inc.	Portland, Ore.
Leach, Neal M., 1st Vice-Pres.	The J. H. W. Steele Co., The Steele Steamship Line	New Orleans, La.
Lear, Herbert S., Gen. Mgr.	Great Eastern Trade Co.	San Francisco.
Leahy, W. Vincent, Pres.	American Int. Trading Co.	San Francisco.
LeBallister, Fred W., Industrial Agent.		Oakland, Cal.
Lee, Harold, Pres.	Lee & Brinton, Inc.	Seattle, Wash.
Lee, Quan	Chinese Chamber of Commerce.	San Francisco.
Lee, T. T., Purchas- ing Agt.	China Mail Steamship Co., Ltd.	San Francisco.
Leet, Wm. J.	Salsina Canning & Packing Co.	San Jose, Cal.
Leete, H. M., Repr.	Journal of Commerce	San Francisco.
Lefevre, Louis A., Mgr.	Royal Worcester Corset Co.	San Francisco.
Leigh, Charles, Asst. Mgr.	The Bank of California	Portland, Ore.
Le Mare, Robert	Carlos H. Le Mare of Chile	Iquique, Chile.
Lendi, Rudolph, Consul	Switzerland	San Francisco.
Leovy, E. E., Asst. Cashier	Whitney Central Natl. Bank ...	New Orleans, La.
Le Roy, E. A., Jr., Asst. Secy.	National Foreign Trade Council.	New York City.
Leuenberger, W. A., Vice-Pres.	Standard Chemical Co.	Tacoma, Wash.
Levensaler, William M., Secy.	Dunham, Carrigan & Hayden Co.	San Francisco.
Levings, W. H., Pub. Director	San Francisco Chamber of Com- merce	San Francisco.
Levinson, Harry, Repr.	H. M. Newhall & Co.	San Francisco.
Levison, Robert J.		Los Altos, Cal.
Levy, A. S.	Lilienthal, Levy & Co.	San Francisco.
Levy, Edwin N., Mgr.	The El Monte Trading Co. of N. Amer., Foreign Trading Club	San Francisco.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Levy, Leon G.	Jules Levy & Bro.	San Francisco.
Levy, Marcus	Weil & Levy	San Francisco.
Levy, Mark H., Pres.	Pac. Copper & Brass Works	Los Angeles, Cal.
Levy, M. S., Mgr....	Joe Lowe Co.	Los Angeles, Cal.
Lewin, J. L., Asst.		
Mgr.	Leon Lewin	San Francisco.
Lewin, R. A., Secy..	Sheel Company of Calif.	San Francisco.
Lewis, Clancey M.,		
Secy.	Manufacturers' Assoc. of Wash.,	
Pres.	China Club of Seattle	Seattle, Wash.
Lewis, F. R., Repr..	Simo-North Amer. Co., Ltd.	New York City.
Lewis, Geo., Pres. .	Shreve & Co.	San Francisco.
Lewis, Harrison C.,		
Gen. Mgr.	National Paper & Type Co.,	
	The Pan-American Society of	
	U. S.,	
	National Foreign Trade Council..	New York City.
Lichtenstein, Walter,		
Foreign Trade Ad-		
viser	The First National Bank of Chi-	
	cago	Chicago, Ill.
Lietz, Adolph, Pres.	The A. Lietz Co.	San Francisco.
Lilienthal, J. W., Jr.,		
V. Pres.	Anglo & London Paris Natl. Bank	San Francisco.
Lilienthal, W.	Lilienthal, Levy & Co.	San Francisco.
Lilley, Alex S., Asst.		
Mgr.	Foundation Co. of N. Y.	San Francisco.
Lilley, Arthur W.,		
Repr.	Upper India Chamber of Com.,	
	The Cawnpore Woolen Mills Co.	Cawnpore, Ind.
Linares, J. F.	J. F. Linares	San Francisco.
Lincoln, W. S.,		
Commissioner	Port of Seattle	Seattle, Wash.
Lindberg, Irving,		
Deputy Collector		
Gen. of Customs		
and Auditor	Republic of Nicaragua	Managua, Nicaragua.
Lindenberger, Wm.		
J., Mgr.	The A. Rupert Co., Inc.	San Francisco.
Lindsay, George M.,		
Asst. Mgr.	The Caravel Co. of Cal., Inc....	San Francisco.
Lindsley, E. A.	The Lindsley Bros. Co.	Spokane, Wash.
Lingham, C. A.		San Francisco.
Lion, Edgar H.,		
Spec. Agt.	Marine Office of America	New York City.
Lipman, F. L., Vice-		
Pres.	Wells Fargo Nevada Natl. Bank.	San Francisco.
Lippincott, J. B.,		
Pres.	Lippincott, Beall & Co.	San Francisco.
Lippman, M. B.,		
Mgr. Veg. Oil Dept.	Monroe, Leon & Tees, Inc.	San Francisco.
Lippy, T. S., Pres...	Port of Seattle Commission....	Seattle, Wash.
Littlefield, J. F., Asst.		
Sales Mgr.	National Carbon Co.	San Francisco.
Llewellyn, Reese,		
Pres.	Llewellyn Iron Works	Los Angeles, Cal.
Lloyd, Morgan H.,		
Subscription Dept.	R. G. Dun & Co.,	
	Foreign Trade Club	San Francisco.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Lobree, A. A., Asst. Mgr.	Great Western Smelting & Refining Co.	San Francisco.
Logan, A. C.		Singapore, Ind.
Logan, C. L.	Baker-Hamilton & Pacific Co.	San Francisco.
Logan, Orwell, Branch Mgr.	Jensen Creamery Machinery Co.	Oakland, Cal.
Loken, G., Mchd. Mgr.	G. W. McNear, Inc.	San Francisco.
Long, Joe J., Vice- Pres.	Continental Pipe Mfg. Co.	Seattle, Wash.
Longley, O. A., Mgr. San. Fran. Branch.	Lederle Antitoxin Laboratories N. Y.	San Francisco.
Lopez, Carlos V.	Chamber of Commerce	San Francisco.
Lorber, H. M.	The Robert Dollar Co.	San Francisco.
Lorca, Hon. Arturo, Consul	Chile	San Francisco.
Lord, Everett W., Dean	Boston University College of Business Administration	Boston, Mass.
Lothrop, J. H., Secy..	Portland Traffic & Transportation Assoc.	Portland, Ore.
Loucks, R. C.	Foreign Trade Club	San Francisco.
Loughlin, T. A., Gen. Mgr.	Bank Line Transport & Trading Co.	San Francisco.
Love, A. V., Pres.	Love-Warren-Monroe Co.	Tacoma, Wash.
Lowden, J. E.	Lunham & Moore	Seattle, Wash.
Lowe, Toy, Repr.	Chinese Chamber of Commerce.	San Francisco.
Lowell, Geo. P., Secy.-Treas.	W. B. Sumner & Co.	San Francisco.
Lowry, Russell, Vice- Pres.	American National Bank	San Francisco.
Lucas, Emerson, S. Amer. Agt.	Southern Railway System	Chattanooga, Tenn.
Luce, G. W., Frt. Traf. Mgr.	Southern Pacific Company	San Francisco.
Lucker, H. A., Vice- Pres.	China-American Trading Co. ...	Tientsin, China.
Ludlow, C. W., Sales Mgr.	Western Rubber Co.	Tacoma, Wash.
Lumgair, John B., Dept. Mgr.	Balfour, Guthrie & Co.	San Francisco.
Lund, J. B., Mgr. S. F. Off.	Ford Motor Company of Detroit.	San Francisco.
Lund, P. R., Assoc. Mgr.	Mida's Trade Mark Bureau.	Chicago, Ill.
Lundberg, Edward R., Imp. Mgr.	O'Connor, Harrison & Co.	San Francisco.
Lunn, Hon. Ove, Consul	Denmark	San Francisco.
Luz, Arsenio N., Repr.	Bureau of Commerce of Industry of the Philippine Is.	Manila, P. I.
Lyall, James, Vice- Pres.	F. S. Buffum Co., Inc.	New York City.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Lynch, Robert New- ton, Vice-Pres. & Mgr.	San Francisco Chamber of Com.	San Francisco.
MacCleary, William Marshall		New York City.
MacDonald, L. D., Spec. Rep.	Pacific Export Lumber Co. of Portland, Ore.	San Francisco.
MacDonald, L. M. ..	Bank of Italy	San Francisco.
MacGlashan, William F., Pres.	The Beaver Board Companies...	Buffalo, N. Y.
MacGowan, C. S., Pac. Coast Mgr. ..	International Trade Developer ...	San Francisco.
MacInnis, J., Secy. & Gen. Mgr.	California Commercial Export Co., Inc.	San Francisco.
MacLean, K. C., Asst.	Foreign Trade Club	San Francisco.
MacMullen, T. D., Secy. & Sales Mgr.	Majestic Electric Development Co.	San Francisco.
McAbee, Paul	Consolidated Canneries of Cal.	Portersville, Cal.
McAllister, M. Hall.	Otis McAllister & Co.	San Francisco.
McAfee, C. M., Mgr. Rice Dept.	Monroe, Leon & Tees, Inc.	San Francisco.
McAteer, Howard W., Pres.	American Steel Export Co.	New York City.
McCallum, J. H., Pres.	State Board Harbor Commission, Foreign Trade Club	San Francisco.
McCarl, R. S., Grain Pub. Dept.	Portland Flouring Mills Co.	Portland, Ore.
McCarty, Alex. D., Dist. Mgr.	R. G. Dun & Co., Foreign Trade Club	San Francisco.
McConnell, W. H.	McConnell & McKay	Monterey, Cal.
McCormick, C. H., Vice-Pres.	First National Bank	San Francisco.
McCormick, Charles R., Pres.	Charles R. McCormick Co.	San Francisco.
McCullough, A. P., Mgr. Exp. Dept.	William Cluff Co.	San Francisco.
McCurdy, Vivian T., Pres.	Growers' Bank	Santa Clara, Cal.
McCurrach, J.	Banco Nacional Ultramarin.....	New York City.
McDaniel, D. L., Mgr.	Williams, McDaniel Co.	San Francisco.
McDaniel, Wm. H., Pres.	California Iron Yards Co.	San Francisco.
McDevitt, T. W., Pres.	Pacific Cotton Exchange	Los Angeles, Cal.
McDonaugh, Edward L., Gen. Frt. Agt.	Los Angeles Pacific Navigation Co.	Los Angeles, Cal.
McElhany, C. B., Vice-Pres.	American Steel Export Co.	New York City.
McElhany, P. C.		Los Angeles, Cal.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
McElroy, W. J., Mgr.		
Cal.	Fisher Flouring Mills Co.	San Francisco.
McEwing, John, Asst.		
Gen. Frt. & Pass.		
Agent	California Transportation Co.	San Francisco.
McFie, Maynard,		
Mgr.	W. T. McFie Supply Co.	Los Angeles, Cal.
McGinnis, R. I.	Hellman Com'l Trust & Savings	
	Bank	Los Angeles, Cal.
McInaney, J. B.,		
Traf. Mgr.	A. O. Andersen & Co.	San Francisco.
McIntosh, C. K.,		
Vice-Pres.	Bank of California	San Francisco.
McKaig, Philip	Foreign Trade Club	San Francisco.
McKaig, R. H., Sales		
Mgr.	C. L. Best Gas Traction Co.	San Leandro, Cal.
McKay, H. N., Secy.	L. N. Jackson & Co., Inc.	San Francisco.
McKay, Howard S.,		
Vice-Pres.	The Geo. F. Eberhard Co.	San Francisco.
McKay, J. S., Secy.		
& Treas.	Western Aluminum Mfg. Co. ...	Emeryville, Cal.
McKay, John, Assoc.		
Partner	McConnell & McKay	Monterey, Cal.
McKay, Percy Ham-		
ilton, Chairman ...	Foreign Board of Trade.	Kobe, Japan.
McKay, William,		
Pres.	Krieg Tanning Co.	San Francisco.
McKee, Henry S.,		
Vice-Pres.	Merchants Natl. Bank of Los	
	Angeles	Los Angeles, Cal.
McKee, H. S., Jr.,		
Asst. Mgr.	International Commerce Corp. ...	Los Angeles, Cal.
McKee, R., Gen. Mgr.	Vancouver Milling & Grain, Ltd.,	Vancouver, Canada.
McKee, Wm. A.,		
Treas.-Asst. Mgr. ...	Harry Hall & Co., Inc.,	
	Foreign Trade Club	San Francisco.
McKenney, M. E.,		
West. Mgr.	Denby Motor Truck Co.	Detroit, Mich.
McKenzie, B. A.,		
Secy.	J. T. Steeb & Co., Inc.	Tacoma, Wash.
McKinney, J. R.,		
Treas.	Astoria Marine Iron Works	Astoria, Ore.
McKinney, Preston ..	Canners League of California ...	San Francisco.
McLaughlin, A. C.,		
Vice-Pres.	Associated Oil Co.	San Francisco.
McLaurin, M. F.,		
Pres.	M. F. McLaurin, Inc.,	
Agent	W. R. Grace & Co.,	
Agent	Pacific Mail Steamship Co.	Los Angeles, Cal.
McLaurin, H. R.,		
Vice-Pres.	M. F. McLaurin, Inc.,	
Agent	Pacific Mail Steamship Co.,	
Agent	W. R. Grace & Co.	Los Angeles, Cal.
McLean, R. L., Jr.	The Trans-Pacific,	
	Japan Advertiser	New York City.
McLeish, A. L.,		
Controller	O'Connor & Moffatt Co.	San Francisco.
McLeod, L. C., Mgr.,		
Secy. & Treas.	Astoria Flouring Mills Co.	Astoria, Ore.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
McMains, A. H.,		
Mgr.	A. H. McMains	San Francisco.
McMicken, E. G.,		
Gen. Pass. Agt. ...	Pacific Steamship Co.	Seattle, Wash.
McMullen, A. A.,		
For. Dept.	John Rothschild & Co.	San Francisco.
McMullen, Lathan,		
Dist. Mgr.	Standard Steel Works Co. (Phil.), McConway & Torley Co. (Pitts.)	San Francisco.
McMullen, Geo. C.,		
Pac. Coast Rep....	Timken Detroit Axle Co., Timken Roller Bearing Co.	San Francisco.
McNab, John L.	Savings Division of the United States Treasury Department...	San Francisco.
McNamara, Chas. T.,		
Mgr.	Natoma Rice Milling Co.	San Francisco.
McNamara, H. V.,		
Traf. Mgr.	Spreckels Sugar Co.	San Francisco.
McNamara, J. G.,		
Mgr.	Natoma Rice Milling Co.	San Francisco.
McNear, G. W., Pres.	G. W. McNear, Inc., & Petroleum Products Co.	San Francisco.
McNear, S. B., Vice-		
Pres. & Gen. Mgr.	Sperry Flour Co.	San Francisco.
McRae, William D.,		
Buyer & Salesman.	W. B. Sumner & Co.	San Francisco.
McReynolds, C. I.,		
Asst. Mgr. Foreign Dept.	General Motors Acceptance Corp.	New York City.
McWane, J. R., Pres.	American Cast Iron Pipe Co.	Birmingham, Ala.
	National Foreign Trade Council..	New York City.
Machrie, Geo. L.,		
Pres.	Wilshire Oil Co., Inc.	Los Angeles, Cal.
Mack, Gerald S.,		
Mgr. Oriental Dept.	W. L. Comyn & Co., Inc.	San Francisco.
Mack, O. E., Exp.		
Mgr.	The Geo. F. Eberhard Co.	San Francisco.
Mackall, Maurice,		
Mgr. Oriental Dept.	A. F. Thane & Co.	San Francisco.
Mackenzie, B. A.,		
Mgr.	J. T. Steeb & Co.	Tacoma, Wash.
Madigen, P. J.	M. J. Olney & Co.	San Francisco.
Madsen, Hans, Pres.	Landmands National Bank of Kimballton	Kimballton, Iowa.
Maduro, Joshua L.,		
Director	The Maduro Co.	Panama, Panama.
Maffei, D. V., Agt.		
Repr.	The Italian Chamber of Com- merce of New York	San Francisco.
Mahoney, Wm. H.,		
For. Trade Mgr. ...	Merchants Assoc. of N. Y.	New York City.
Mailliard, J. W., Jr.,		
Off. Mgr.	Mailliard Schmiedell	San Francisco.
Majera, John, U. S.		
Repr.	Pavel Majera & Co., Petrovac, Backa, S. H. S.	Los Angeles, Cal.
Malboeuf, Chas. A.,		
Mgr.	Pacific International Co.	Portland, Ore.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Maldonado, Fernando		
B.	Maldonado & Co., Inc.	San Francisco.
Mallory, J. M., Indus.		
Agt.	Central of Georgia R. R. Co.	Savannah, Ga.
Malpas, F. C.	The Canadian Bank of Commerce	Portland, Ore.
Malmgren, T. W.,		
Traf. Mgr.	The Robert Dollar Co.	San Francisco.
Mamenendez, Jose,		
Mgr. Exp. Dept.	Clafins, Inc.	New York City.
Mann, Seth,		
Mgr. Traf. Dept.	Chamber of Commerce	San Francisco.
Marchant, Rodney H.	R. H. Marchant Co.	Oakland, Cal.
Markey, John J.,		
Pres.	National Wrought Iron Annealing	
	Box Co.	Washington, Pa.
Markwart, Earl H.,		
Exp. Dept.	The Koster Co.	San Francisco.
Marr, J. L., Mgr.		
Imp.-Exp.	Hind, Rolph & Co.	San Francisco.
Marshall, B. F.	California Food Specialties Co.	Emeryville, Cal.
Marshall, J. E., Traf.		
Mgr.	Outer Harbor Dock & Wharf Co.	Los Angeles, Cal.
Marshall, Jos. H.,		
Vice-Pres.-Secy. ..	Marshall-Newell Supply Co.	San Francisco.
Marshall, S. S., Mgr.	China Mongolia Export Co.,	
	Foreign Trade Club	San Francisco.
	American Chamber of Commerce	Shanghai, China.
Marten, S.	The Koster Co.	San Francisco.
Martens, R. C.		New York City.
Martin, E. G., Asst.		
Mgr. Exp.	Union Oil Co. of Cal.,	
	Foreign Trade Club	San Francisco.
Martin, Edward J.,		
Vice-Pres.	American Commerce Association.	Chicago, Ill.
Martin, F. J., Pres. ..	Aeor Alarm Co.,	
	Manufacturers' Association	Seattle, Wash.
Martin, H. F., Sales		
Mgr.	California Barrel Co.	San Francisco.
Martin, Harry P.,		
Exp. Mgr.	Acheson Graphite Co.	Niagara Falls, N. Y.
Martin, Robert,		
Salesman	Morse Twist Drill & Machine Co.	New Bedford, Mass.
Martin, R. S.	International Products Co.	New York City.
Martin, W. J., Mgr.	Civic League of Improvement	
	Clubs & Assoc. of S. F.	San Francisco.
Martindale, R. W.,		
Mgr. Pac. Coast.	U. S. Cast Iron Pipe & Foundry	
	Co.	San Francisco.
Martinez, R. E.,		
Repr.	Westinghouse Electric - Interna-	
	tional Co.	San Francisco.
Marvin, William G.,		
In Charge Ins. &		
Legal Depts.	National City Bank of N. Y.	New York City.
Marx, Julius, Mgr.		
For. Dept.	Haas Brothers	San Francisco.
Matson, Clarence H.,		
Traf. Mgr.	Harbor Dept. of Los Angeles	
	Municipal Dept.	Los Angeles, Cal.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Matsunaga, Toru ...	Kuhara Trading Co., Ltd.	Kobe, Japan.
Mattern, G. A.	Gentner & Mattern Co.	San Francisco.
Matthai, Wm. H., Vice-Pres.	National Enameling & Stamping Co., Merchants and Manufacturers Assoc.	Baltimore, Md.
Matthews, E. S., Off. Mgr.	Geo. A. Moore & Co.	San Francisco.
Matthews, M. M., Mgr.	Oliver Chilled Plow Works	San Francisco.
Matthiesson, Frank, Vice-Pres.	Columbia Tool Steel Co.	Chicago, Ill.
Maxwell, J. W., Pres.	The National City Bank of Seattle	Seattle, Wash.
Maxwell, W. B., Secy.-Treas.	Blake, Moffitt & Towne	San Francisco.
Maydwell, C. A., Pres.	The Maydwell Co., Foreign Trade Club	San Francisco.
Mayer, Francis R., Pres.	France & Canada S. S. Corp. ...	New York City.
Mayer, G. H., Asst. Exp. Div.	Standard Oil Co.	San Francisco.
Mayer, W. I., Exp. Mgr.	The Uchida Trading Co., Ltd. ...	San Francisco.
Mead, R. C., Mgr. For. Dept.	Western Wholesale Drug Co. ...	Los Angeles, Cal.
Mears, F. G.	Bureau of Foreign Domestic Com.	Washington, D. C.
Mears, Eliot Grinnell, Hon. Vice-Pres.	Amer. Chamber of Commerce for the Levant Amer. Trade Com- missioner	Constantinople, Tur- key.
Mears, S. M., Pres.	Portland Cordage Co.	Portland, Ore.
Meek, Chas. S., Pres.	Chas. S. Meek & Co., Ltd.	Vancouver, B. C.
Meese, Constant, Pres.	Meese & Gottfried Company	San Francisco.
Meisenbach, A. C., Code Expert	A. F. Thane & Co.	San Francisco.
Melvin, J. G., Frt. Agt.	Pacific Mail Steamship Co.	Portland, Ore.
Merriam, H. R., Auditor	California Wire Cloth Co., Inc. ...	San Francisco.
Merrick, Frank W., Commissioner of Banking		Lansing, Mich.
Merrill, Chas. W., Pres.	The Merrill Co., American Institute of Mining En- gineers, American Chemical Society	San Francisco.
Merrill, F. H., Vice- Pres. & Gen. Mgr.	Los Angeles Soap Co.	Los Angeles, Cal.
Mesple, J. L., Spec. Agt.	Union Central Life Ins. Co.	San Francisco.
Metschan, Phil., Jr.	Port of Portland Commission...	Portland, Ore.
Metzgar, Jas. C., Exec. Secy.	Santa Ana Chamber of Com- merce	Santa Ana, Cal.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Meyer, Wm., Asst. Mgr.	American Finance & Commerce Co.	San Francisco.
Meyercord, Geo. R., Pres.	The Meyercord Co.	Chicago, Ill.
Michaels, C. F., Vice- Pres.	Langley, Michaels Co.	San Francisco.
Middlemas, George E.H. M. Newhall & Co.		San Francisco.
Miele, O. W., Vice- Pres.	Blake-McFall Company	Portland, Ore.
Miers, D. K., Repr.	The Montgomery-Wynne Co. ...	San Francisco.
Miller, J. R., Gen. Mgr.	California Cotton Mills	Oakland, Cal.
Miller, E. L., Asst. to Secy.	Shell Company of California	San Francisco.
Miller, Miss Edith M., Statistician....	National Bank of Commerce of N. Y.	New York City.
Miller, Henry L., Pres.	Luitwieler Pumping Engine Co. ...	Rochester, N. Y.
Miller, L. H., Asst. Cashier	The National City Bank of N. Y.	New York City.
Miller, Sam T., Mgr.	Cook-McFarland Co.	San Francisco.
Millhauser, Edw., Mgr.	Standard Varnish Works	New York City.
Milliman, Chas. F., Resident Mgr.	Charles W. Sexton Co.	Portland, Ore.
Mills, Chas. F., Asst. Cashier	First National Bank	Boston, Mass.
Mills, Chas. E., Pac. Coast Mgr.	A. J. Tower Co.	Boston, Mass.
Mills, H. B.	Rolph, Mills & Co.	San Francisco.
Milovich, Boris, Coml. Attaché....	Consulate of Russia	San Francisco.
Minetti, A. Perelli...	Calif. Grape Products Co.	Ukiah, Cal.
Misner, Jackson H., Harbor Mgr.	City of Richmond	Richmond, Cal.
Mitchell, A. Cheshire, Mgr.	Hotel Butler	Seattle, Wash.
Mitchell, E. C., Vice- Pres.	Lawrence Whse. Co.	San Francisco.
Mitchell, F. V., Mgr.	C. B. Sloan & Co., Foreign Trade Club	San Francisco.
Mitchell, Robert, Treas.	General Petroleum Corp.	San Francisco.
Mitchell, Wallace Wm.	Macondry & Co., Foreign Trade Club	San Francisco.
Mixer, W. H., Vice- Pres.	Syracuse Smelting Works	Brooklyn, N. Y.
Mizutani, Chotaro, Priv. Secy.	Mitsui & Co.	San Francisco.
Molony, J. R., Mgr.	Western Branch Aetna Life Ins. Co.	San Francisco.
Monk, William H., Asst. Agt.	Royal Bank of Canada, Canadian Bankers' Assn.	New York City.
Monks, Leslie C., Sales Mgr.	Wilshire Oil Co., Inc.	Los Angeles, Cal.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Monteagle, Paige, Atty. at Law		San Francisco.
Monteagle, Robert C., Pres. and Gen. Mgr. Pacific Construction & Engineer- ing Co.		Seattle, Wash.
Montgomery, F. H., Vice-Pres. & Sales Mgr.	Sturges Tire & Rubber Co.	Oakland, Cal.
Moon, Ralph M.	Imperial Refining Co.	Fort Worth, Tex.
Moon, William, Exp. Dept.	The Hale Co.	San Francisco.
Moore, A. W., Cashier	The Oakland Bank of Savings...	Oakland, Cal.
Moore, Geo. A.	Geo. A. Moore & Co.	San Francisco.
Moore, Jas. A.	Moore Shipbuilding Co.	Oakland, Cal.
Moore, G. S., Prof.	Pekin University	Pekin, China.
Moore, J. C., City Frt. Agt.	S. P. & S. Ry. Co.	Portland, Ore.
Moore, Kenneth A., Secy. & Treas.	Geo. A. Moore & Co.	San Francisco.
Moore, P. P.	Associated Manufacturers Im- porting Co., Foreign Trade Club	San Francisco.
Moores, C. B., Chair- man	The Commission of Public Docks	Portland, Ore.
Mooser, Louis J., Jr., Mgr.	Mooser & Co., Inc.	San Francisco.
Moran, A. A., Traf. Mgr.	The Robert Dollar Co.	San Francisco.
Morava, W., Pres.	Morava Construction Co.	Chicago, Ill.
Morck, Peter J., Mgr.	Morck Brush Mfg. Co.	San Francisco.
Moreland, Watt L., Gen. Mgr.	Moreland Motor Truck Co.	Los Angeles, Cal.
Morgan, Frederic, Traf. Mgr.	Zellerbach Paper Co., Foreign Trade Club	San Francisco.
Morgan, L. C., Pres.	The L. C. Morgan Co.	Fortuna, Humboldt Co., Cal.
Morris, David, Exp.- Imp. Dept.	Zellerbach Paper Co.	San Francisco.
Morris, J. S.	P. A. Newmark & Co.	Los Angeles, Cal.
Morris, H., Pres.	Holbrook, Merrill & Stetson ...	San Francisco.
Morris, R. H., Mgr.	Mack-International Motor Truck Corp.	San Francisco.
Morris, Will E., Vice-Pres.	Farmers' & Merchants' Bank ...	Stockton, Cal.
Morrish, F. W.	First National Bank	Berkeley, Cal.
Morrison, David F.	The Portland <i>Telegram</i>	Portland, Ore.
Morrison, J. B.	Pathfinder Aerial Corp.	San Francisco.
Morse, C. B., Secy.	American Trading Co.	San Francisco.
Morse, E. C., Vice- Pres. and Gen. Mgr.	The John N. Willys Exp. Corp.	New York City.
Morse, John F., Equipment Div. Mgr.	The Berger Mfg. Co.	San Francisco.
Mortenson, Peter A., Repr.	Albaugh Dover Co., Superintendent of Schools.....	Chicago, Ill.
Mortimer, Frank C., Asst. Cashier	The National City Bank of N. Y.	New York City.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Morton, J. M., Asst. Exp. Mgr.	Richards & Hirschfeld	New York City.
Morton, J. W., Mgr. S. F. Office	Crane Exp. Corp.	San Francisco.
Moseley, Mercer P., Vice-Pres.	The American Exchange Natl. Bank	New York City.
Moser, Gus C., Atty.	The Port of Portland	Portland, Ore.
Moss, David H., Vice-Pres.	First National Bank of Seattle, American Bankers' Assoc.	Seattle, Wash.
Moss, G. F., Pres.- Treas.	Western States Envelope Co. ...	Milwaukee, Wis.
Mouser, G. S.	Butler's School of Commerce....	San Francisco.
Muchnic, Chas. M., Vice-Pres.	Amer. Loco. Sales Corp., National Foreign Trade Council..	New York City.
Mudd, J. P., Sales Mgr.	The Bahmann Iron Works Co....	Dayton, Ohio.
Muller, A. H., Secy..	S. F. Savings & Loan Society...	San Francisco.
Murai, J.	North American Mercantile Co..	San Francisco.
Murphy, E. W., Pres.	Johnson, Carvell & Murphy	Los Angeles, Cal.
Murphy, J. R., Mgr.	Simonds Mfg. Co.	San Francisco.
Musser, Don Carlos W., Secy.-Treas....	Continental Petroleum Co.	San Francisco.
Musson, J. H., Asst. Cash. & Mgr. For. Dept.	Central Trust Co. of Ill.	Chicago, Ill.
Myers, A. Wenger, Secy.	F. L. Morgan Co.	San Francisco.
Myers, B. D., Dist. Frt. Agt.	Southern Pacific Ry. Co.	San Francisco.
Myers, Sidney B., Owner	Sidney B. Myers Co.....	Melbourne, Aus- tralia.
Nadler, J. A., Mgr. Chemical Dye, Paint Dept.	Dill-Crosett Incorp.	San Francisco.
Naito, E., Mgr.....	Nozaki Brothers.....	Yokohama, Japan.
Nakahara, Matao, Asst. Mgr.	Mitsui & Co., Ltd.	San Francisco.
Nakamizo, H.	North American Mercantile Co..	San Francisco.
Narvaez, J.	J. Narvaez	Portland, Ore.
Neale, W. J., Agt..	George H. McFadden & Bros....	San Francisco.
Nealon, James A., Mgr. For. Dept. ...	Mercantile Natl. Bank of S. F..	San Francisco.
Nedd, E. J., Gen. Jobbing and Exp. Dept.	Western Meat Co.	San Francisco.
Neighbor, R. W., Gen. Mgr. Pac. Coast Div.	E. C. Atkins & Co., Inc.	Portland, Ore.
Nellis, W. W., Mgr.	Oil Well Supply Co.	San Francisco.
Neltner, Hon. J., Consul Gen.	France	San Francisco.
Neunaber, Walter H., Asst. Secy.	A. F. Thane & Co.	San Francisco.
Newbauer, J. H., Pres.	J. H. Newbauer & Co.	San Francisco.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Newbegin, Edward,		
Pres.	R. M. Wade & Co.	Portland, Ore.
Newell, G. F., Pres.	Marshall-Newell Supply Co.	San Francisco.
Newhall, Geo. A. ...	H. M. Newhall & Co.	San Francisco.
Newkirk, C. C., Direc- tor and Superinten- dent of Pres.	Peet Bros. Mfg. Co., Berkeley Mfg. Assn.	West Berkeley, Cal.
Newmark, Roy E.	Roy E. Newmark & Co.	Los Angeles, Cal.
Ngon, Louis Way ...	China Agency & Trading Co. ...	San Francisco.
Nibbe, Henry B.	H. M. Newhall & Co.	San Francisco.
Nickelsburg, M. S., Pres.	Cahn Nickelsburg & Co.	San Francisco.
Nicol, M. A., Consul Gen.	Nicaragua	Nicaragua.
Nichols, F. C., Vice- Pres.	Colt's Patent Fire Arms Mfg. Co.	Hartford, Conn.
Nichols, W. R., Trustee	Pacific Coast Gypsum Co.	Tacoma, Wash.
Nichols, W. W., Asst. to Chairman.	Allis Chalmers Mfg. Co., American Mfrs. Exp. Assn., Milwaukee Assn. of Commerce..	New York City.
Nicholson, Robert S. M.	Balfour Guthrie & Co.	Portland, Ore.
Niehaus, E. H., Cred. Mgr.	Rice-Stix Dry Goods Co.	St. Louis, Mo.
Nieh Chi-Cheh, Pres.	Heng Fong Cotton Mill, Chung Mei Trading Co., General Chamber of Commerce (Shanghai)	Shanghai, China.
Niemann, Henry C., Pres.	H. C. Niemann & Co.	Chicago, Ill.
Nishimoto, R.	North American Mercantile Co.	San Francisco.
Noble, Frank S., Vice-Pres.	Eastman Kodak Co.	Rochester, N. Y.
Noble, H. W., Mgr.	American Radiator Co.	San Francisco.
Noble, William A., Vice-Pres.	D. C. Andrews & Co.	New York City.
Noel, T., For. Freight Agt.	The Western Pacific R. R. Co.	San Francisco.
Nolan, John W.	Christenson, Hanify & Weather- wax	San Francisco.
Nom, Thomas, Vice- Pres.	Western Canning Co.	Oakland, Cal.
Nonaka, F. M., Mgr.	Okada & Co., Ltd.	San Francisco.
Noonan, P. C., Gen. Mgr.	Independent Trading Co.	San Francisco.
Nordman, B., Pres.	Nordman & Aurich	San Francisco.
Nosworthy, R. L. ...	British Embassy	Washington, D. C.
Nott, L. A.	Sangamo Electric Co. of Spring- field, Ill.	San Francisco.
Nowell, Chas. E., Pres.	Chas. E. Nowell Co.	San Francisco.
Noxon, Frank W., Secy.	Railway Business Assn.	New York City.
Nozaka, H. S., Sales Mgr., Canned Crab Dept.	North American Mercantile Co.	San Francisco.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
O'Brien, E. M.	O'Brien, Dwan & Co.	San Francisco.
O'Brien, Geo. N., Pres.	American National Bank	San Francisco.
O'Brien, J. J., Pres.	South Bend Lathe Works	South Bend, Ind.
O'Connor, C. M., Sr. Mem.	O'Connor, Harrison & Co.	San Francisco.
O'Connor, Joseph, Mgr. Imp. & Exp. Dept.	F. Griffin & Co., Ltd.	San Francisco.
Oddie, Clarence M.	Clarence M. Oddie	San Francisco.
Odell, J. N.	Henry W. Brown & Co.	Philadelphia, Pa.
O'Donnell, John J., Mgr.	Leon Lewin	San Francisco.
O'Donnell, W. J., Mgr.	A. Fleishacker & Co.	San Francisco.
O'Dowd, J. H., Pacific Coast Agent	United Fruit Co.	San Francisco.
Ogden, J. C., V.-Pres. Gen. Mgr.	Thorndyke-Trenholme Co. of Cal., Thorndyke-Trenholme Co., Inc., of Seattle	San Francisco.
O'Hara, Rev. J., F. C. S. C., Head of Dept. of Com.	University of Notre Dame	Notre Dame, Ind.
Ohlson, Lyle R.	100 Percent Club of S. F.	San Francisco.
Okada, N., Repr.	Mitsui & Co., Ltd.	San Francisco.
Okuda, S.	Yuasa Trading Co., Ltd.	Kobe, Japan.
Olds, H. A., Mgr.	Smith-Booth-Usher Co.	San Francisco.
Olen, Walter A., Pres.	Four Wheel Drive Auto Co.	Clintonville, Wis.
Oliver, Arthur D., Vice-Pres.	Wells Fargo Nevada National Bank	San Francisco.
Oliver, Edwin Letts, Pres. & Mgr.	Oliver Continuous Filter Co., Oliver Mfg. Co.	San Francisco.
O'Looney, M. J., Grocer		San Francisco.
O'Neil, C. F.	Atlantic Gulf & Pac. Co. of Manila	San Francisco.
O'Neill, L. D., Direc- tor Havana Branch	Boston University College of Business Administration	Boston, Mass.
Oppedal, A. M.	Braun Knecht Heimann Co.	San Francisco.
O'Reilly, G. A., Vice- Pres.	Irving National Bank	New York City.
O'Reilly, M. J., Pres.	M. J. O'Reilly Co.	San Francisco.
Orton, C. W., Mem- ber Port. Commis- sion	Port of Tacoma	Tacoma, Wash.
Orrick, O. S., Pres.	California Paint Co.	Oakland, Cal.
Osborn, Bert W.	B. W. Osborn Co.	Los Angeles, Cal.
Osborn, Clark D., Pres.	C. D. Osborn Co.	Chicago, Ill.
Osborn, Samuel C., Chicago Del.	Samuel C. Osborn Mfg. Co.	Chicago, Ill.
Osburn, W. P.	W. P. Osburn & Co.	Seattle, Wash.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Osgood, G. W., Port Eng.	Port of Tacoma	Tacoma, Wash.
Ostrander, Edward, Traf. Mgr.	Oregon Pac. Co.	Portland, Ore.
Oudin, M. A., Vice-Pres.	International Gen. Electric Co. National Foreign Trade Council.	New York City.
Ouer, Fred F., Asst. Cash.	Anglo & London Paris Natl. Bank.	San Francisco.
Oves, William G., Secy., Industrial Bureau	Spokane Chamber of Commerce.	Spokane, Wash.
Owens, Roy G., Vice-Pres.	Lakewood Engineering Co.	Cleveland, O.
Paddock, W. R., Director	Everett Coml. Club	Everett, Wash.
Paden, W. S., Vice-Pres.	Machinery Co. of America	Big Rapids, Mich.
Paine, W. W., Vice-Pres.	Pacific Exp. Lumber Co.	Portland, Ore.
Palacioa, Hon. Alberto, Consul Gen.	Bolivia	San Francisco.
Palmer, Claude N., Pac. Coast Mgr.	Walter R. Kirk	San Francisco.
Palmer, J. Allen	Bank of Italy	San Francisco.
Palmer, John J., Asst. to Exp. Mgr.	Dodge Bros.	Detroit, Mich.
Palmer, L. C., Capt.	U. S. N.	Stanford Court, Cal.
Palmer, P. B., Jr., Advtg. & Sales Mgr.	Percival B. Palmer & Co.	Chicago, Ill.
Parker, E. I., Exp. Mgr.	Sperry Flour Co.	San Francisco.
Parker, E. H., Mgr. Exp. Dept.	Marshall Wells Co.	Portland, Ore.
Parker, Gilbert L., Mgr.	The H. K. H. Silk Co. of N. Y., Inc.	San Francisco.
Parker, H. W., Mgr. International Business Dept.	Bank of Italy	Los Angeles, Cal.
Parker, John V., Pres.	American Marine Paint Co.	San Francisco.
Parker, L. B., Mgr. Exp. Dept.	Edw. L. Soule Co.	San Francisco.
Parker, Morris K., Vice-Pres.	The Equitable Trust Co. of N. Y.	New York City.
Parker, Walter, Gen. Mgr.	Association of Commerce	New Orleans, La.
Parr, Fred D., Pres.	Parr Terminal Co.	Oakland, Cal.
Parsons, Reginald H.	Reginald H. Parsons	Seattle, Wash.
Patchin, P. H., Asst. Secy.	Standard Oil Co.	San Francisco.
Patchin, Robert H., Repr.	W. R. Grace & Co., National Foreign Trade Council, Pan-American Society	New York City.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Paterson, Thomas M., Vice-Pres. & Cash.	Mercantile Natl. Bank of S. F.	San Francisco.
Patron, Victor	Victor Patron	San Francisco.
Patterson, C. D., Gen.		
West. Agt.	Caldwell Shipping Co.	San Francisco.
Patterson, C. V., Mgr.	The Garlock Packing Co.	San Francisco.
Patton, Robt. F.		Stanford University, Cal.
Paulden, C. A., Mgr. Exp. Dept.	California Assoc. Raisin Co.	Fresno, Cal.
Payne, Geo.	The Koster Co.	San Francisco.
Peacock, Thos., Mgr.	Royal Bk. of Canada	Vancouver, B. C.
Peairs, Will A., Vice- Pres.	Chamberlain Medicine Co.	Des Moines, Iowa.
Peake, Harry G., V.-Pres., Gen. Mgr.	Union Construction Co.	Oakland, Cal.
Pearce, Furman B., Southern Mgr.	Norton Lilly & Co.	New Orleans, La.
Pearson, A. C., Secy.	United Publishers Corporation	New York City.
Peck, Wm. E.	American Exporters & Importers Association	New York City.
Pedersen, Bernard S.	Geo. M. Clark & Co.	San Francisco.
Pedrini, A., V.-Pres.	Bank of Italy, Pres.	Italian Chamber of Commerce San Francisco.
Peirce, W. G. E., Chief Commercial Agt.	Chicago Telephone Co.	Chicago, Ill.
Peixotto, Edgar, Atty.	Down Town Assoc.	San Francisco.
Pennell, H. E., Mgr.	North Pacific Lumber Co.	Portland, Ore.
Perkes, C. A., Asst. to Vice-Pres.	The Robert Dollar Co.	San Francisco.
Perkins, C. H., Gen. Sales Mgr.	Fox Typewriter Co.	Grand Rapids, Mich.
Persons, V. S., Treas.	L. A. Norris Co.	San Francisco.
Perutz, Leopold	United States Forwarding Co.	New York City.
Peter, Leslie H.	Insurance, Foreign Trade Club	San Francisco.
Petersen, Christian, Mgr. Foreign Dept.	U. S. National Bank	Portland, Ore.
Petersen, O., Sales- man	Braun Knecht Heimann Co.	San Francisco.
Peterson, A. A., Pres.	The Peterson Corp.	Los Angeles, Cal.
Peterson, A. F., Repr.	The Westinghouse Air Brake Co.	Pittsburgh, Pa.
Peterson, A. F., Br. Mgr.	Fisk Rubber Co.	San Francisco.
Peterson, Ernest F., Mgr.	Fielding Hotel Co.	San Francisco.
Peterson, William C., Sales Mgr.	F. U. Stearns & Co.	New York City.
Pew, R. R., Mgr. Pac. Coast Dept.	Brown Shoe Co.	San Francisco.
Pfefferkorn, Mounsey C., Asst. Cashier	First National Bank, San Diego Chamber of Commerce	San Diego, Cal.
Pfeiff, Lewis, Traf. Mgr.	U. S. Steel Products Co.	New York City.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Pflueger, P. A., Asst. Cash.	Humboldt Savings Bank	San Francisco.
Phillips, Benj. N., Vice-Pres.	Citizens National Bank	Port Angeles, Wash.
Phillips, F. G.	San Pedro Chamber of Com.	San Francisco.
Phillips, S. M.	M. Phillips & Co.	San Francisco.
Phillips, W. W.		San Francisco.
Phleger, C. A.	C. A. Phleger	San Francisco.
Pickering, W. J., Div. Sales Mgr.	Remington Typewriter Co.	New York City
Pierce, E. C., Gen. Sales Mgr.	Brown Hoisting Machinery Co.	Cleveland, O.
Pierre, E. C., Freight Traffic Dept.	A. T. & S. F. Ry.	San Francisco.
Pigott, William	Manufacturers' Assoc., China Club of Seattle	Seattle, Wash.
	National Foreign Trade Council.	New York City.
Pihl, C. A.	National Inst. of Inventors.	San Francisco.
Pike, Chas. W., Pres.	C. W. Pike & Co.	San Francisco.
Pilhashy, B. M., Chemist		San Francisco.
Pinckney, V. H.	California Packing Corp.	San Francisco.
Pindor, Karol, Counselor	Poland	San Francisco.
Pison, Antonio, Member of Firm.	Philippine Import & Export Co.	San Francisco.
Pitcher, E. C.	Pacific Tank & Pipe Co.	San Francisco.
Pitt, Harold M.	Manila Merchants Assoc.	Manila, P. I.
Piver, John C., Mgr.	Shipping Register	San Francisco.
Plageman, R. D.	Western Pipe & Steel Co.	San Francisco.
Platt, J. A., Pres.	Samuel-Samuel & Co.	San Francisco.
Plunkett, Eugene, Asst. Cash.	Anglo & London Paris Natl. Bank.	San Francisco.
Plummer, John L., Mgr.	Man Hing Cheung & Co.	San Francisco.
Poitevent & Favre Lumber Co.		Mandeville, La.
Polhemus, James H., Gen. Mgr.	Port of Portland	Portland, Ore.
Polhemus, J. H., Vice-Pres.	Hamberger-Polhemus Co.	San Francisco.
Pollack, Augustus ..	Balfour, Guthrie & Co.	Seattle, Wash.
Poole, DeWitt C., Jr., Consul	State Department	Washington, D. C.
Popert, William H., Engineer	U. S. Steel Products Co., Pacific Coast Dept.	San Francisco.
Porter, A. W.	California Packing Corp.	San Francisco.
Porter, Chas. T., Gen. Mgr.	Aladdin Co. of Oregon	Portland, Ore.
Powell, E. L., Treas.	Powell-Sanders Co.	Spokane, Wash.
Powell, Geo., Pres.	Oregon Pacific Co.	Portland, Ore.
Powell, H. T., Asst. Gen. Sales Mgr., Expn. Div.	Standard Oil Co.	San Francisco.
Powell, Joseph W., Vice-Pres.	Bethlehem Shipbuilding Corp., Ltd.	Bethlehem, Pa.
Powell, Mrs. Wm. M.	Wm. M. Powell	Dayton, Ohio.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Powell, Stanley, Resident Mgr.	Connell Bros. Co.	San Francisco.
Powers, Carroll M.	University of California.....	Berkeley, Cal.
Power, Jas. E., Com. on Commercial De- velopment	S. F. City Com. on Coml. Dev. Board of Supv.	San Francisco.
Power, P. A., Credit Mgr.	Schmidt Lithograph Co.	San Francisco.
Powers, William S.	Chicago Assn. of Commerce....	Chicago, Ill.
Poxson, Elijah G., Exp. Sales Mgr.	Dort Motor Car Co.	Flint, Mich.
Pradillo, A. E., Mgr., For. Trade Bureau	New Orleans Assoc. of Commerce	New Orleans, La.
Pratt, C. A., Pres.	Pacific Box Co.	Tacoma, Wash.
Pratt, C. E., Mgr. Bean & Nut Dept.	Monroe Leon & Tees	San Francisco.
Pray, Milton	Milton Pray Co.	San Francisco.
Prentiss, Mark O., Chairman of the Board	U. S. Clearing House of Foreign Credits	New York City.
Prest, U. O. Colson.	U. O. Colson Company	Paris, Ill.
Price, Howard C., Secy.	The Fenton Co., Inc.	San Francisco.
Proctor, T. W., Gen. Frt. Agt.	Chicago, Mil. & St. Paul Ry. ..	Chicago, Ill.
Purdie, Francis Bail- lie, Spec. Repr. For. Dept.	R. G. Dun & Co., Pan-American Society of the U. S., Albany Chamber of Commerce..	New York City.
Putnam, J. B.	National Bank of Commerce....	New York City.
Pyle, H.	J. F. Pyle & Son.....	San Jose, Cal.
Quane, John, Mgr. Exp. Dept.	S. J. Jones & Co.	San Francisco.
Queen, R. E.	R. E. Queen	San Francisco.
Quelquejeu, C.	Association de Comercio	Panama.
Raas, Chas., Secy.	Muller & Raas Co.	San Francisco.
Raasch, L. A., Pac. Coast Mgr.	Walden-Worcester, Inc.	Worcester, Mass.
Rademan, Otto, Chairman of Bd.	Caldwell & Co.	New York City.
Radford, Robert, Vice-Pres.	Standard Steel Works Co.	Philadelphia, Pa.
Rafael, William, Mgr.	Rafael & Wing Sucs. Agencies De Berna	San Francisco.
Rafferty, James L., Repr.	Bureau of Commerce & Industry of Philippine Islands	Manila, P. I.
Railton, H. E. A., Auditor & Asst. Secy.	Pacific Mail Steamship Co.	San Francisco.
Rairden, P. W., Mgr.	U. S. Rubber Export Co., Ltd..	Batavia, Java.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Rama, M. J. de la...	Bureau of Commerce & Industry of the Philippine Is.	Manila, P. I.
Ramirez, G. M.	Victor Patron	San Francisco.
Randall, Mrs. N. L., Prop.	Alameda County Multigraphing Co.	Oakland, Cal.
Ranson, F. H., Mgr..	Eastern & Western Lumber Co..	Portland, Ore.
Rathbone, Gerald L., Vice-Pres.	Macondray & Co.	San Francisco.
Rathbun, Morris M., Mgr. Publicity Dept.	Los Angeles Chamber of Com....	Los Angeles, Cal.
Rausher, Chas. A., Jr.	Channel Commercial Co.	Los Angeles, Cal.
Raymond, Grant M., Mgr.	Grant M. Raymond & Co.	Astoria, Ore.
Rea, J. H.		San Francisco.
Redfield, William C., Pres.	American Russian Chamber of Commerce	New York City.
Reed, Gardner P., Repr. Mexican Trade Bureau	San Antonio Chamber of Com....	San Antonio, Tex.
Reed, W. C., Repr..	Lexington Motor Co.	Connorsville, Ind.
Reedy, W. L., Pres..	Pacific Ocean Trading Co.	Seattle, Wash.
Regal, R. L., Mgr. Ins. Dept.	Spreckels Companies	San Francisco.
Regidor, C., Pres. ...	Philippine American Trading Co.	Manila, P. I.
Regidor, Cristobol		Manila, P. I.
Reid, H. L., Repr.	Rogers, Brown & Co.	San Francisco.
Reid, Wm. W.	Wm. W. Reid Wholesale Leather	Chicago, Ill.
Reilly, J. R., Sales Mgr.	Goodyear Tire & Rubber Co. of California	Los Angeles, Cal.
Reiss, Eugene, Pacific Coast Mgr.	Standard Code Co., Inc., of New York	San Francisco.
Rema, M. J., de la, Repr.	Bureau of Commerce and Indus- try of the Philippine Islands..	Manila, P. I.
Remington, H. M., Asst. Mgr.	S. F. Chamber of Commerce....	San Francisco.
Rennie, B. B.	L. A. Trust & Savings Bank....	Los Angeles, Cal.
Replogle, D. Ben, Inventor	Airway Co.	Berkeley, Cal.
Resseman, R. R., Repr. Exp. Dept..	Union Oil Co. of Cal.	San Francisco.
Retew, J. A., Traf. Mgr.	The Giant Powder Co., Inc.	San Francisco.
Revilla, Gustavo A., Mgr. Latin-Amer- ican Dept.	E. E. Pratt & Co., Inc.	San Francisco.
Reynolds, B. H., Comm. Supt.	All American Cables, Inc.	New York City.
Reynolds, D. M., Asst. to Director	U. S. Council of Natl. Defense..	Washington, D. C.
Reynolds, Geo. M., Pres.	Continental & Commercial Natl. Bank	Chicago, Ill.
Rhoades, Nelson O.	Garfield & Rhoades	Los Angeles, Cal.
	American Chamber of Commerce	Mexico City, Mex.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Rhodes, J. E., Secy.-		
Mgr.	Southern Pine Assoc.	New Orleans, La.
Rhodin, Carl J.,		
Chairman	Swedish Chamber of Commerce	
	U. S. A.	New York City.
Richards, C. A., Pres.	International Steel Corp.,	
	American International Corp.,	
	Merchants Assn. of New York..	New York City.
Richards, W. G.	E. K. Wood & Co.	San Francisco.
Richardson, C. C.,		
Pres.	Quaker City Quality Cracker Co.	Philadelphia, Pa.
Rickoff, Miss B. M.,		
Repr.	Associated Dairymen of Cal. ...	San Francisco.
Rieley, H. T.	Ohio Body & Blower Co.	Cleveland, O.
Rinearson, Horace		
Walland, Mgr. of		
Dept.	American Rolling Mill	Middletown, O.
Ring, Welding	American Exporters & Importers	
	Assn.	New York City.
	National Foreign Trade Council..	New York City.
Ripley, Thomas Em-		
erson, Vice-Pres...	The Wheeler Osgood Co.	Tacoma, Wash.
Rippe, Walter F.,		
Buyer & Manager.	Retail Millinery Asn. of Amer.,	
	A. Hamburger & Sons	Los Angeles, Cal.
Ritchie, A. J., Vice-		
Pres.	Pacific Steel & Boiler Co.	Tacoma, Wash.
Ritter, Geo. J., Asst.		
Mgr.	Hercules Powder Co.	Wilmington, Del.
Rivas, F. P., Pres...	Mfrs. Export Co.	San Francisco.
Rixford, Halsey L.,		
Atty. at Law ...	Monteagle & Rixford	San Francisco.
Robarts, S. E., Asst.		
Sales Mgr.	California Central Creameries...	San Francisco.
Roberg, Ralph M.,		
Mgr. Latin-Amer-		
ican Dept.	W. L. Comyn & Co., Inc.	San Francisco.
Roberts, George E.,		
Vice-Pres.	National City Bank	New York City.
Roberts, J. E., Sales		
Mgr.	Cole Motor Car Co.	Indianapolis, Ind.
Robertson, William F.	American Tack Mfrs. Assn.,	
	American Staple Mfrs. Assn.,	
	Tower Mfg. Co.	Cincinnati, O.
Robinson, Fielding,		
Vice-Pres. Off. ...	Pac. Mail S. S. Co.	San Francisco.
Robison, W. H.	Moncada & Robison & Teguci-	
	galpa	Tegucigalpa, Hondu-
		ras, Central Amer-
		ica.
Rodier, Geo. L., Pac.		
Coast Solicitor ...	American Writing Paper Co. ...	San Francisco.
Roesti, Herman, Col-		
lection Teller	Bank of Italy	San Jose, Cal.
Roesti, Max F., Asst.		
Cash.	The National Shawmut Bank of	
	Boston	Boston, Mass.
Rogers, Geo. W.,		
Credit Mgr.	The Goodyear Tire & Rubber Co.	Akron, O.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Rogers, Henry J., Mgr. Steel & Chem- ical Dept.	J. Aron & Co.	San Francisco.
Rolland, A. M., Repr.	W. R. Grace & Co.	San Francisco.
Rolph, Thomas, Mem. of Firm	Rolph, Mills & Co.	San Francisco.
Rolph, W. N., Vice- Pres.	Griffith-Durney Co.	San Francisco.
Romeo, Cav. Francis, Pres.	Romeo & Co., Inc., Italian Chamber of Commerce, N. Y.	New York City.
Romer, Robert, Prin.	Robert Romer & Co.	San Francisco.
Romero, T. S.	University of Cal., Extension Div.	Berkeley, Cal.
Roorbach, George B., Prof. of Foreign Trade	Harvard University Graduate School of Business Administra- tion	Cambridge, Mass.
Roos, Gilbert O.		Seattle, Wash.
Rose, Miss Alice L., Librarian	The National City Bank of N. Y.	New York City.
Rosenbaum, M. A., Treas.	Garcia & Maggini & Co.	San Francisco.
Rosenblatt, Irving S., Pres.	California Comml. Export Co., Inc.	San Francisco.
Rosenblatt, S.	Cahn Nickelsburg & Co.	San Francisco.
Rosenfeld, Julius ...	A. B. Rosenfeld & Son, American Chamber of Commerce	Shanghai, China.
Rosenthal, Louis, Gen. Agt.	Hartford Fire Ins. Co.	San Francisco.
Ross, Allan	D. B. Fisk & Co.	Chicago, Ill.
Ross, Hon. A. Car- negie, Consul Gen- eral	Great Britain	San Francisco.
Ross, C. F., Secy. ...	The Haywood Company	San Francisco.
Ross, N. S., Mgr. Dist.	Wellman, Seaver, Morgan Co.	Cleveland, O.
Ross, W. A., Asst. Treasurer	U. S. Steel Products Co.	San Francisco.
Rosseter, John H., Vice-Pres.	Pacific Mail Steamship Co.	San Francisco.
Rossi, Angelo J., Pres.	Down Town Assoc.	San Francisco.
Rossi, Robert D., Secy.-Treas.	Asti Grape Products Co., Grape Juice & Grape Syrup	San Francisco.
Rosston, E. W.	Oriental Products Co.	San Francisco.
Rough, J. G.	The Koster Co.	San Francisco.
Rousselle, A. B., Pres.	Balboa Chamber of Commerce..	Balboa, Cal.
Row, W. E.	Fobes Company, American Chamber of Commerce	Shanghai, China.
Rowe, Arthur E., Sales Mgr.	Malleable Iron Fittings Co.	Branford, Conn.
Rowe, John F., Pac. West. Repr.	Heller Bros. Co.	San Francisco.
Rowntree, Pac. Coast Repr.	Greenfield Tap & Die Corp.	Greenfield, Mass.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Rucker, J. T.	Petroleum Products Co.	San Francisco.
Rude, Arthur, Asst. Mgr.	Nozaki Bros.	San Francisco.
Rumble, H. H., Vice-Pres.	Chamber of Commerce, Board of Trade, Port Commission	Norfolk, Va.
Russell, H. W. J., Exp. Mgr.	Maxwell Motor Sales Corp., Chalmers Motor Car Co.	New York City.
Russell, L. T., West. Sales Mgr.	Bucyrus & Co.	San Francisco.
Russell, W. E., Secy.-Treas.	Continental Pipe Mfg. Co.	Seattle, Wash.
Russi, M. G., Secy.-Treas.	Rose City Flour Mills	Portland, Ore.
Rust, C. P.	Rust & Co.	San Francisco.
Rust, H. G.	Firestone Tire & Rubber Co.	San Francisco.
Ruth, J. B.	Suzuki & Co.	San Francisco.
Ryan, J. D., Vice-Pres. & Mgr.	Coffin Redington Co.	San Francisco.
Sachs, Robert P., Pres.	The Artgravers	York, Pa.
Saenz, Jorge, Pres.	Chamber of Commerce of La Paz, Bolivia	La Paz, Bolivia.
Sagar, E. F., Mgr.	Canton Bank, Foreign Trade Club	San Francisco.
Sage, Arthur L. R., Pres.	A. J. Sage & Company	Melbourne, Australia.
Sagrera, Ricardo	Government of Salvador	San Francisco.
Saint, W. W., Mgr. San Francisco Sales Branch	Repr. C. B. Stuart, V. P., The N. K. Fairbank Company	San Francisco.
Saiz, Pedro, Foreign Freight Agent	The A. T. & S. F. Ry.	San Francisco.
Sakasai, T., Director & Mgr.	Uchida Trading Co., Ltd.	Kobe, Japan.
Salcedo, M., Latin-American Dept.	Haas Bros.	San Francisco.
Salisbury, T. W., Asst. Secy.	Foreign Commerce Club of Port- land	Portland, Ore.
Salmon, Wallace A.	Sacramento Consolidated Cham- ber of Commerce	Sacramento, Cal.
Salz, Ansley K., Pres. & Mgr.	Kullman, Salz & Company, Tanners Council	San Francisco.
Sample, N. W., Jr., Foreign Sales Mgr.	The Baldwin Locomotive Works.	Philadelphia, Pa.
Samter, S. L., Pres.	L. Samter & Sons	San Francisco.
Samuels, Chas. L. A., Credit Dept.	W. R. Grace & Co.	San Francisco.
Sanborn, F. H., Pres.	Astoria Chamber of Commerce.	Astoria, Ore.
Sanborn, I. H., V. P.	American National Bank	San Francisco.
Sanford, I. C., V. P.	Northern Grain & Warehouse Co.	Portland, Ore.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Santa Cruz, Francis-		
co	Hamberger-Polhemus Co.	San Francisco.
Sargent, A. R.,		
Western Repr.	Indiana Limestone Quarrymen's	
	Assoc.	Bedford, Ind.
Sargent, Henry A.,		
Vice-Pres.	Simonds Mfg. Co.,	
	Port of Portland Commission...	Portland, Ore.
Saunders, William L.,		
Chairman of the		
Board of Directors	Ingersoll-Rand Company,	
	National Foreign Trade Council..	New York City.
Saurret, G. W., Mgr.		
Export Dept.	Llewellyn Iron Works	Los Angeles, Cal.
Savelli, A. G., V. P.,		
in charge of export	Wichita Motors Co.	Wichita Falls, Tex.
Sawyer, H. H., V. P.	The Sawyer Tanning Co.	Napa, Cal.
Scheller, L. C., V. P.		
& Treas.	Union Hardware & Metal Co..	Los Angeles, Cal.
Schibel, John		Portland, Ore.
Schiffmann, R. J.,		
V. P. & Secy.	R. Schiffmann Company	St. Paul, Minn.
Schilling, C.		San Francisco.
Schlesinger, Lee	Emporium	San Francisco.
Schlussel, Jacob,		
Pres.	Jacob Schlusssel & Co.....	San Francisco.
Schloss, Ben	Schloss Mfg. Co.,	
	Civic League of Improvement	
	Clubs & Associations of San	
	Francisco	San Francisco.
Schmid, John F.,		
V. P.	Bankers Trust Company	New York City.
Schmidlapp, C. J.,		
V. P.	Chase National Bank	New York City.
Schmidt, A. H. R.,		
Cashier & V. P. ..	San Francisco Savings & Loan	
	Society.....	San Francisco.
Schmidt, Carl R.,		
Sales Mgr.	Schmidt Lithograph Co.	San Francisco.
Schmidt, Wm. F.,		
Mgr.	J. T. Costello Co.,	
	Foreign Trade Club	San Francisco.
Schmit, William	Chas. E. Nowell Company	San Francisco.
Schmitt, Milton L.,		
Director, American		
Division	Paris-Marche-Du-Monde	New York City.
Schmitz, F. W.	Pacific Tank & Pipe Company...	San Francisco.
Schneider, E. J.,		
Contracting Engi-		
neer	U. S. Steel Products Company...	San Francisco.
Schneider, E. F.,		
Auditor	American Finance & Commerce	
	Co.	San Francisco.
Schneider, Franz, Jr.,		
Asst. Mgr., Re-		
search Dept.	American Intern'l Corporation...	New York City.
Schoch, B.	Christenson, Hanify & Weather-	
	wax	San Francisco.
Schoenthal, M.,		
Treas.	Morris Woolf Silk Co.	Chicago, Ill.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Schoennauer, Arthur		
E.	Butler School of Commerce.....	San Francisco.
Schoonmaker, A.,		
Mgr., Export Sales	The Upson Nut Company	New York City.
Schuking, H. E.		Redondo Beach, Cal.
Schuckl, Max	Schuckl & Company	San Francisco.
Schulz, Carl, Sales		
Repr.	American Rolling Mill Co. of	
	Cal.	San Francisco.
Schunck, Miss Dor-		
othy E.		San Francisco.
Schwabacher, S. I.,		
Treas.	Schwabacher Bros. & Co., Inc. .	Seattle, Wash.
Schweitzer, R. R.,		
V. P. & Genl. Mgr.	Western Machinery Co.	Los Angeles, Cal.
Schwyster, William,		
Secy.	Swiss Consulate	San Francisco.
Scott, B. C., Genl.		
Mgr., Pacific Coast		
Branch	Louisville Varnish Co.	San Francisco.
Scott, G. C.	U. S. Steel Products Co.	New York City.
Scott, H. S., Pres. .	Trans-Oceanic Co.	San Francisco.
Scott, Luther A.,		
Foreign Sales Mgr.	Certain-teed Products Corp.,	
	Foreign Trade Club	St. Louis, Mo.
Scott, M. G., Mgr. .	Geo. H. McFadden & Bro's.	
	Agency	Los Angeles, Cal.
Scribner, D. C., Pres.,	Grand Rapids Wood Finishing	
	Co.	Grand Rapids, Mich.
Searle, Frederick A.,		
V. P.	Landers, Frary & Clark	New Britain, Conn.
Searle, Jas. J., V. P.	The Haslett Warehouse Co. .	San Francisco.
Searles, Mailler,		
Gen. Mgr.	Mailler Searles	San Francisco.
Sears, D. M., Mgr.,		
Canned Goods Dept.	Monroe, Leon & Tees, Inc.	San Francisco.
Seddon, George H. .	Japan Factors, Inc.	Tokio, Japan.
See, Alonzo B.	A. B. See Electric Elevator Co.	New York City.
Seeley, Charles	Macondray & Co.	San Francisco.
Seeley, Walter E.,		
Pres.	Union Terminal Warehouse	Los Angeles, Cal.
Sefman, M., Mgr.,		
Export & Import		
Depts.	G. P. Steinberg & Sons	San Francisco.
Seid, John J., Traffic		
Mgr.	Crown Willamette Paper Co.	San Francisco.
Selfrid, L., Mgr. .	Pan-Pacific Trading Company .	San Francisco.
Selig, A. E.	J. & A. E. Selig	San Francisco.
Selig, Jack	J. & A. E. Selig	San Francisco.
Seligman, Edwin R.		
A.	McVickar Professor of Political	
	Economy, Columbia University.	New York City.
Sellinger, B. H., Mgr.		
Export Dept.	Langley & Michaels Co.	San Francisco.
Sellman, Waters H.,		
Mgr.	The Upjohn Company	San Francisco.
Sempey, W. K., Genl.		
Freight Agent	China Mail S. S. Co., Ltd.	San Francisco.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Sen, D. N.	Messrs. Nurshing Shay mundon Gopal	Calcutta, India.
Sensenich, Edgar H., V. P.	Northwestern National Bank ...	Portland, Ore.
Seton, M.	American Manufacturers Export Assn.	New York City.
Seyler, C., Jr.		Los Angeles, Cal.
Seyms, R. W., West- ern Sales Mgr. ...	Taylor Wharton Iron & Steel Co.	San Francisco.
Shaffer, Ralph, Secy.- Treas.	Pacific Box Company, Tacoma Commercial Club & Chamber of Commerce.....	Tacoma, Wash.
Shainwald, Richard H., Asst. to Mgr....	The Paraffine Companies, Inc....	San Francisco.
Shapiro, M.	California Packing Corp.	San Francisco.
Sharpless, J. W., Asst. Secy.	Standard Felt Co.	West Alhambra, Cal.
Shaw, A. W.	E. C. Atkins & Co.	San Francisco.
Shaw, Edw. H., Mgr., Export Dept.	The Berger Mfg. Co., of Calif..	San Francisco.
Shaw, J. Clifford....	Commercial Club of Hoquiam, Wash.	San Francisco.
Shaw, Paul T., Pres.	Shaw Supply Co., Inc.	Tacoma, Wash.
Shean, F. W., V. P.	Shean Engraving & Printing Co..	San Francisco.
Sherow, N. W.	A. B. See Electric Elevator Co..	New York City.
Shimasky, O. K., Secy.	Ohio State Board of Commerce.	Columbus, O.
Shimatani, S., Mgr..	Mitsubishi Goshi Kaisha	Tokyo, Japan.
Shimazu, T.	Nippon Electric Cell Co.	Kiyoto, Japan.
Shinozaki, S., Mgr..	Furukawa & Co., Ltd.	Tokyo, Japan.
Shipp, John C., Mgr., Cable Dept.	W. R. Grace & Co.	San Francisco.
Shoemake, A. B., Pres.	A. B. Shoemake Co.	Modesto, Cal.
Shoenberg, J. W. ...	North American Mercantile Co..	San Francisco.
Shotwell, W. J., Asst. Genl. Freight Agent	The Western Pacific R. R. Co....	San Francisco.
Sibbett, George E., Mechanical Engi- neer	Columbia Steel Co.	San Francisco.
Sibley, H. G., Mgr..	George Wills & Sons, Ltd.	San Francisco.
Siefert, Mrs. J. H..	Bachrach Company	Manila, P. I.
Siegfried, Clarence J., Pres.	John C. Siegfried Co.	San Francisco.
Silva, R. S., Traffic Mgr.	General Steamship Corp., Foreign Trade Club	San Francisco.
Silvernail, A. H., Asst. Cashier	Wells Fargo Nevada National Bank	San Francisco.
Silvey, Le Croye		San Francisco.
Simon, Hon. Jules...	Consul of Belgium	San Francisco.
Simons, A. E., Mgr. Foreign Dept.	American National Bank	San Francisco.
Simons, Seward C., Mgr. Foreign Trade Dept.	E. Clemens Horst Co.	San Francisco.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Simpson, H. C., Mgr.		
Foreign Dept.	Crocker National Bank of S. F.	San Francisco.
Skidmore, Grey M.,		
Sales Mgr.	Golden State Portland Cement Co.	Los Angeles, Cal.
Skinner, D. E.	Skinner & Eddy Corp.	Seattle, Wash.
Slade, Russell C.,		
Vice-Pres.	Slade Export Co.	San Francisco.
Slater, Jas. A.	The National Malleable Castings Co.,	
	Illinois Mfrs. Association	Chicago, Ill.
Slaughter, Guy T.,		
Managing Partner.	Guy T. Slaughter & Company...	San Francisco.
Slocum, Frank S.,		
Special Repr.	Jones & Laughlin Steel Co.	Pittsburgh, Pa.
Slosman, Charles L.,		
Export Dept.	Guggenlime & Co.	San Francisco.
Small, R. E.		Seattle, Wash.
Smiley, Samuel E.,		
(Col.)	U. S. A.	San Francisco.
Smiley, S. V., Asst.		
Mgr., Foreign Dept.	Crocker National Bank	San Francisco.
Smith, Acheson, V. P.		
& Genl. Mgr.	Acheson Graphite Co.	Niagara Falls, N. Y.
Smith, Blakely	The Blakely Smith Co.,	
	Port of Houston,	
	The Houston Chamber of Commerce	Houston, Tex.
Smith, Mrs. C. W.,		
Treas. & Personal		
Repr.	Mr. Mayo Dudley, Director Far East Commercial Intelligence Service	Washington, D. C.
Smith, Ellen A.,		
Finance Secretary.	Y. W. C. A.	San Francisco.
Smith, E. W., Engineer of Transportation		
.....	Pennsylvania Railroad System...	Philadelphia, Pa.
Smith, Frank G.,		
V. P.	First & Old Detroit National Bank	Detroit, Mich.
Smith, H. E., Mgr.	Splitdorf Electric Co.	San Francisco.
Smith, H. Sanborn,		
V. P.	Gulf States Steel Co.	Birmingham, Ala.
Smith, Jay, Mgr.	Marshall Wells Company	Portland, Ore.
Smith, L. H., Purchasing Agent	Thos. Day & Company	San Francisco.
Smith, L. S.	Kings County Packing Co.	Armona, Cal.
Smith, Leonard S.,		
Treas.	The American Laundry Machinery Co.	Cincinnati, O.
Smith, P. F., District Mgr.		
.....	Joseph T. Ryerson & Son	San Francisco.
Smith, Rolland W.,		
Pacific Coast Mgr.	Troy Laundry Machinery Co., Ltd.	San Francisco.
Smith, Stuart F.,		
V. P.	The Bank of California, National Association	San Francisco.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Smith, Victor M., Pacific Coast Mgr.	Kerr Steamship Co.	San Francisco.
Smith, Vinton, Sales Engineer	Standard Underground Cable Co.	San Francisco.
Smith, Wm. F., Pres.	Hale Company	New York City.
Smith, W. W., Dis- trict Freight Agent	Canadian Pacific Railway	San Francisco.
Snare, Frederick, Pres.	The Snare & Triest Co.	New York City.
Snell, Mrs. Elizabeth D., Appointment Secy.	Stanford University	Stanford University, Cal.
Snider, Dr. Guy E., Group Session Secy.	National Foreign Trade Council..	New York City.
Snow, C. D., Mgr. Foreign Commerce Dept.	Chamber of Commerce of the U. S. A.	Washington, D. C.
Snow, K., Mgr.	A. M. Blumer	San Francisco.
Snowden, Dr. A. A., Standard Oil Company of New York		New York City.
Snowdon, R. B., Asst. Mgr.	The Bank of California	Seattle, Wash.
Solomonson, Julian K., Export - Import Dept.	Zellerbach Paper Company	San Francisco.
Solomon, A. R.		San Francisco.
Solomon, H. A.	American Chamber of Commerce, Union League Club	Shanghai, China.
Sommer, R. E., Credit Dept.	Stewart Dawes Shoe Co.	Los Angeles, Cal.
Soule, Edw. L., Pres.	Edw. L. Soule Co.	San Francisco.
Southwell, S.	California Packing Corp.	San Francisco.
Southwick, Capt. Wm. D.	Chamber of Commerce of the U. S. A.	Washington, D. C.
Spangler, Geo. M., Mgr.	Chicago Association of Commerce	Chicago, Ill.
Sparks, E. P., Mgr., San Francisco Of- fice	L. E. Waterman Co.	San Francisco.
Snaulding, W. M., Pres.	Graton & Knight Mfg. Co.	Worcester, Mass.
Snoery, Lewis E.		San Francisco.
Solid, Waldemar, Foreign Exchange Dept.	State Bank of Portland	Portland, Ore.
Springer, I. M., Mgr. Export Dept.	I. H. Newbauer & Co.	San Francisco.
Springer, R., Export Salesman	Simmons Company	San Francisco.
Sproule, William, Pres.	Southern Pacific Railway	San Francisco.
Squires, Cameron, Asst. Cashier	Ladd & Tilton Bank	Portland, Ore.
Stacy, Ralph S., Pres.	The Scandinavian American Bank	Seattle, Wash.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Stadfeld, J. A.	J. M. Roddie Co., Inc.	San Francisco.
Stahl, John A., V. P.	American Finance & Commerce Co.	San Francisco.
Standifer, Guy M.,		
Pres.	G. M. Standifer	Vancouver, Wash.
Stanley, W. H., Secy.	Wm. Wrigley, Jr., Company.	Chicago, Ill.
Starr, Foster E.,		
Export Dept.	Leon Israel & Bros., Inc.,	San Francisco.
St. Austell, F. E. ...	Continental & Coml. Natl. Bank.	Chicago, Ill.
St. Clair, Arthur O.,		
Asst. Mgr.	Frank B. Hall & Co., Inc.	San Francisco.
Stead, Thomas,		
Secy.-Treas.	De Laval Dairy Supply Co.	San Francisco.
Stearns, Francis U.,		
V. P. & Managing		
Director	F. U. Stearns & Co.	New York City.
Stearns, W. G.	Standard Underground Cable Co.	San Francisco.
Stedman, Kenneth L.,		
Asst. Mgr.	Lamborn & Co.	San Francisco.
Steele, Harold J. ...	H. M. Newhall & Co.	San Francisco.
Steele, J. H. W.,		
Pres.	I. H. W. Steele Co.	Galveston, Texas.
Steele, James King,		
Advertising Agent.	Toyo Kisen Kaisha	San Francisco.
Steenstrup, Peter S.,		
Genl. Mgr.	General Motors Export Co.	New York City.
Steiger, Chas. D.,		
Secy.	Steiger & Kerr Stove & Foundry Co.	San Francisco.
Stein, W., Pres.	Willits & Co., Inc.	San Francisco.
Steinberg, James,		
Genl. Mgr.	G. P. Steinberg & Sons	San Francisco.
Stelter, A. C.	Raksen & Stelter	San Francisco.
Stenberg, David ...	Vance & Burnell, Inc., New York,	
	The Jordan Co., Seattle, Wash.	San Francisco.
Stephens, A. B., Sales		
Mgr., Pacific Coast	Wickwire Spencer Steel Corp.	San Francisco.
Stern, Bernard M.,		
Foreign Mgr.	F. E. Booth Co.	San Francisco.
Stern, Clement B. ...	San Diego Chamber of Commerce	San Diego, Cal.
Stevens, C. R., Secy.	General Petroleum Corp.	San Francisco.
Stevens, Frederick H.,		
Secy., Treas. &		
Genl. Mgr.	O. B. North & Co.	New Haven, Conn.
Stevens, H. O., Pres.		
& Genl. Mgr.	American Rolling Mill Co., of Calif.	San Francisco.
Stevens, W. Tyrie,		
Pres.	W. Tyrie Stevens, Inc.	New York City.
Stevenson, L. A.,		
V. P.	First National Bank	Richmond, Cal.
Stewart, H. L.,		
Student	University of California	Berkeley, Cal.
Stewart, Robert		San Francisco.
Stewart, Samuel C. ...	Stewart-Davis Advertising Agency	Chicago, Ill.
Stewart, T. G.	Albers Bros. Milling Co.	Seattle, Wash.
Stimmel, George,		
Asst. Cashier	Anglo & London Paris Natl. Bank.	San Francisco.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Stoddard, C. H., Mgr., Merchandise Dept.	Wightman & Crane	San Francisco.
Stoddard, George H.	Buck & Stoddard	San Francisco.
Stoll, Edwin P.	Simmons Hardware Co.	St. Louis, Mo.
Stolp, George E., Oriental Frt. Agent	Chicago, Milwaukee & St. Paul Ry. Co.	Chicago, Ill.
Stone, B. F., Pres. ...	Port of Astoria	Astoria, Ore.
Stone, F. A., Pres. & Treas.	Clipper Belt Lacer Co.	Grand Rapids, Mich.
Stone, Frank H., Pacific Coast Mgr.	E. E. Pratt & Co., Inc., American Chamber of Commerce for the Levant of Constanti- nople	San Francisco.
Stone, L. M., Pres. ...	Geo. E. Marshall, Inc.	Chicago, Ill.
Stone, Orra L., Genl. Mgr.	Associated Industries of Mass.	Boston, Mass.
Stork, Chas. T.	Stork-Kar Sales Co., Inc.	New York City.
Stout, Lansing, V. P.	Hibernia Commercial & Savings Bank	Portland, Ore.
St. Peter, Jos. A., V. P.	Everett Commercial Club	Everett, Wash.
Stratton, Clarence M., Asst. Mgr.	Bush, Beach & Gent, Inc.	San Francisco.
(Strauss, Nathan, Managing Partner.	Fleischner Mayer & Co.	Portland, Ore.
Streets, R. R.	Pacific Tank & Pipe Co.	San Francisco.
Stretch, Joseph W. ...	Trans-Continental Freight Co. ...	San Francisco.
Strickler, H. K., San Francisco Mgr.	S. S. White Dental Mfg. Co.	San Francisco.
Strom, C.	A. T. & S. Fe Ry.	San Francisco.
Stuard, H. E., Divi- sion Sales Agent. ...	The Colorado Fuel & Iron Co., of Denver, Colo.	San Francisco.
Stubbs, J. G., Traffic Mgr.	J. D. Spreckels & Bros. Co.	San Francisco.
Sturges, V. K., Pres. ...	Sturges Tire & Rubber Co.	Oakland, Cal.
Suckermann, Jack, Mgr., Foreign Dept.	Mercantile Trust Co.	St. Louis, Mo.
Sugaman, Edward M., Genl. Mgr.	Pacific Leader Tractor Corp.	San Francisco.
Sullivan, David Paul, Foreign Correspon- dent	W. T. Welisch & Co.	San Francisco.
Sullivan, John J., Attorney	Chamber of Commerce of Seattle	Seattle, Wash.
Sullivan, Richard T., Mgr.	Stone & Webster Interests.	Tacoma, Wash.
Sullivan, W. S., Secy.	Richmond Chamber of Commerce	Richmond, Cal.
Summers, W. T., Pres.	Merchants National Bank	San Francisco.
Sutton, C. Z., V. P. ...	California Wire Cloth Co.	Oakland, Cal.
Sutton, I. B.	The American Chamber of Com- merce of Tampico	Tampico, S. C. L.
Suzzallo, Henry	Pres., University of Washington.	Seattle, Wash.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Swanson, W. G., Mgr. of Import Dept.	Dodwell & Co., Ltd.	San Francisco.
Swanstrom, Mrs. M. E., Exec. Commit- tee	Seattle Real Estate Association.	Seattle, Wash.
Swayne, Robert H., Pres.	Swayne & Hoyt, Inc.	San Francisco.
Sweeney, Jas. P.	Civic League of Improvement Clubs & Associations of San Francisco	San Francisco.
Swenson, Carl J., Mgr., Foreign Dept.	Merchants National Bank	Boston, Mass.
Swezey, A. B., Mgr.	The Cunard Steamship Co., Ltd.	San Francisco.
Swift, E. G.		San Francisco.
Swiggett, Glen Lavin	U. S. Bureau of Education.....	Washington, D. C.
Tabke, H. L., Traffic Mgr.	Port of Astoria	Astoria, Ore.
Takeshita, Hiroshi, Import Mgr.	The Uchida Trading Co.	San Francisco.
Tanbara, J. M., Pres.	Tanbara-Gumi	San Francisco.
Tandberg, E. Nor- mann, Import & Export Mgr.	California Commercial Export Co., Inc.	San Francisco.
Taylor, Carson, Publisher	Manila Daily Bulletin	Manila, P. I.
Taylor, F. C., Mgr., Insurance Dept. ...	American Finance & Commerce Co.	San Francisco.
Taylor, Stewart K., Pres.	S. K. Taylor Lumber Co.....	Mobile, Ala.
	National Foreign Trade Council..	New York City.
Taylor, W. A., Mgr. of Sales	La Belle Iron Works	San Francisco.
Taylor, W. W., Pres.	W. W. Taylor & Co.	Seoul, Korea.
Teagan, J. Howard, Export Mgr.	Hupp Motor Car Corp.	Detroit, Mich.
Tebbetts, F. P., Asst. Genl. Sales Mgr....	Portland Flouring Mills Co.	Portland, Ore.
Teegardin, W. P., Mgr. Seattle Office.	Overseas Shipping Co.	Seattle, Wash.
Tegtmeier, F. G., Pres.	Everett Port Commission	Everett, Wash.
te Kaat, J. J., Mgr., Sourabaya Office, Java, Dutch East Indies	United States Steel Products Co.	New York City.
Tenger, C. G., Gen- eral Sales Mgr. ...	The Portland Flouring Mills Co.	Portland, Ore.
Terwilliger, H. L., Secy.	Ingersoll-Rand Co. of Calif.	San Francisco.
Teshima, Tomotake, Mgr.	Mitsui & Co., Ltd.	Tokyo, Japan.
Thacher, Thos. A. ...	Thacher & Wright	San Francisco.
Thatcher, Frank H. ...	First National Bank of Berkeley, Cal.	Berkeley, Cal.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Thayer, C. A.	E. K. Wood Lumber Co.....	San Francisco.
Thayer, R. H.	E. K. Wood Lumber Co.....	San Francisco.
Thieben, Jos., Pres. & Genl. Mgr.	Panama Lamp & Commercial Co.	San Francisco.
Thomas, E. P., Pres..	U. S. Steel Products Co., National Foreign Trade Council..	New York City.
Thomas, Frank S., V. P.	Alliance Bank, Rochester Chamber of Commerce	Rochester, N. Y.
Thomas, H. N., Genl. Passenger Agent	China Mail S. S. Co., Ltd.	San Francisco.
Thomas, John W., V. P.	Great Lakes Trust Co.	Chicago, Ill.
Thomas, Robert L., Pacific Coast Mgr..	<i>American Exporter</i>	San Francisco.
Thomas, Capt. R. W.....		Singapore, India.
Thompson, Alfred L., Pres.	Inland-Pacific Trading Corp. ...	Seattle, Wash.
Thompson, P. R. ...	Pacific Coast Steel Co.	San Francisco.
Thompson, Wm., Auditor	W. R. Grace & Co.	San Francisco.
Thompson, W. L., Vice-Pres.	First National Bank	Portland, Ore.
Thomson, Chas. S., Export Mgr.	Four Wheel Drive Auto Co.....	Clintonville, Wis.
Thomson, David, Asst. Mgr.	Simpson Roberts & Co., Ltd. ...	Vancouver, B. C.
Thomson, T. C., Pres.	Van Heynigen Brokerage Co. ...	Mobile, Ala.
Thorsen, T. J., Pres..	The Washington Shoe Mfg. Co., Chamber of Commerce of Seattle	Seattle, Wash.
Tight, D. J., Mgr....	Glidden Co., of California, National Varnish Mfrs. Assn. of Philadelphia, Pa.	San Francisco.
Tileston, H. M., Mgr., Latin-Amer- ican Dept.	American Trading Co.	San Francisco.
Tillmann, Fred A., Pres.	Tillmann and Bendel	San Francisco.
Tilmont, P. A.	North Pacific Railway Co.	Tacoma, Wash.
Tilten, T. C., V. P. ..	Anglo California Trust Co.	San Francisco.
Titus, A. J., Genl. Agent	Judson Freight Forwarding Co..	San Francisco.
Titus, Frank E., Foreign Sales Mgr.	The B. F. Goodrich Rubber Co., Akron Chamber of Commerce...	Akron, O.
	Rubber Association	New York City.
Toby, Thos. S., Cashier	Rainier Valley State Bank	Seattle, Wash.
Tobias, A. S., Wes- tern Sales Mgr....	R. D. Cortina	Berkeley, Cal.
Todd, Floyd R., V. P.	Deere & Co., National Implement & Vehicle Assn.	Moline, Ill.
Tognetti, J. A., Accountant	Robert Dollar Co.	San Francisco.
Tomkins, William ..	San Diego Chamber of Commerce	San Diego, Cal.
Tomlinson, Chas. W.....		New York City.

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Tompkins, George I., Mgr. San Francisco Office	J. W. Butler Paper Co.	San Francisco.
Tompkins, P. W., Mgr.	Curtis & Tompkins	San Francisco.
Toplitz, Melville S.	MacDonald & Co.	San Francisco.
Torchiana, Hon. H. A. van Coenen, Con- sul General	The Netherlands	San Francisco.
Tourny, Geo., Mgr. & Vice-Pres.	S. F. Savings & Loan Society ...	San Francisco.
Tower, Walter S., Trade Adviser	Consolidated Steel Corp.	New York City.
Townsend, W. L.		San Francisco.
Townsend, W. R.	Bean Spray Pump Co.	San Jose, Cal.
Toyaji, Iwai	Iwai & Cie, Ltd.	Osaka, Japan.
Tracey, Robt. E., Export Mgr.	Cooper Coate & Casey Dry Goods Co.	San Francisco.
	American Chamber of Commerce	Mexico City, Mex.
Trafton, G. R.	The Koster Co.	San Francisco.
Train, E. Swift, Mgr. of Sales	Petroleum Products Co.	San Francisco.
Traylor, M. G.	Isthmian S. S. Lines	New York City.
Trees, Merle J., V. P. & Genl. Mgr.	Chicago Bridge & Iron Works ..	Chicago, Ill.
Trench, C. S., Pres.	American Metal Market Co.	New York City.
Treviranus, Geo. H., Sales Mgr.	Gemco Mfg. Co.	Milwaukee, Wis.
Trevor, H., Export Mgr.	Bonestell & Co.	San Francisco.
Tripler, Chas. S.	San Francisco Retail Lumber Yards	San Francisco.
Tripp, B. H., Pacific Coast Mgr.	Chicago Pneumatic Tool Co.	San Francisco.
Troy, James A., Secy.	Foreign Trade Bureau, St. Louis Chamber of Commerce	St. Louis, Mo.
Troy, Mrs. John W.	Empire Printing Co.	Juneau, Alaska.
Tsen, Y. S.		Foochow, China.
Tubbs, Leslie C.	H. M. Newhall & Co.	San Francisco.
Tucker, M. Newman, Commercial Agent ..	Western Union Telegraph Co. ..	San Francisco.
Tupper, Robert J., Sales Engineer	Dow Pump & Diesel Engine Co. ..	San Francisco.
Tway, J. H.	Crane Export Corp.	San Francisco.
Twohy, James F., Secy.-Treas.	Twohy Bros. Company	Seattle, Wash.
Ullman, Dr. Marcel.	The Equitable Trust Co. of N. Y.	New York City.
Unsworth, G. G.		San Francisco.
Upham, Isaac O., Pres.	Isaac Upham Company China Commerce Club of Calif.	San Francisco.
Usher, H. L., Dist. Sales Mgr.	Oliver Iron & Steel Co. of Pitts- burgh, Pa.	New York City.
Usher, H. P., Pres.	Smith Booth Usher Co.	Los Angeles, Cal.

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Vance, A. M., Export Mgr.	Pittsburgh Plate Glass Co.	Pittsburgh, Pa.
Van Derson, C. D., Supt.	The Borden Co. of Calif.	Modesto, Cal.
Van de Water, C. F., Pres.	Chas. F. Van de Water Co.	Long Beach, Cal.
Van Dobo, Charles Dobay, Pres.	The Van Dobay Importing & Exporting Co., Inc.	Cleveland, O.
Van Duzer, H. B., Mgr.	Inman Paulsen, Inc.	Portland, Ore.
Van Horst, Paul, Pres.	Standard Chemical Co.	Tacoma, Wash.
Van Norman, H. E., Dean	University Farm School National Dairy Council	Davis, Cal.
Van Rossen Hoogen- dyk, Frederick		Berkeley, Cal.
Van Schoiack, T. W., Vice-Pres.	Koken Companies Chamber of Commerce & For- eign Trade Bureau	St. Louis, Mo.
Van Sicklen, F. D., Asst. Cashier	Dodge-Sweeney Co.	San Francisco.
Van Smith, Geo. A., Asst. Cashier	Anglo & London Paris Natl. Bank	San Francisco.
Van Vliet, Roy, Pres. Van Winkle, Walton, Treas.	Van Vliet & Company	San Francisco.
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Velo, Alberto	Chamber of Commerce of Chile.	Chile, So. America.
Vernier, W., Pres.	The Americas & Orient Co.	San Francisco.
Victor, Chas. H., Mgr.	Yawman & Erbe Mfg. Co.	San Francisco.
Victor, P. F.	Victor Mfg. & Gasket Co.	Chicago, Ill.
Viets, G. B., Mgr. Pacific Division ..	American Express Company	San Francisco.
Vilter, Wm. O., Secy. & Treas.	The Vilter Mfg. Co.	Milwaukee, Wis.
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Vincent, Norman	Oriental Vegetable Oils Co.	San Francisco.
Vincent, Sydney B., Publicity Mgr.	Chamber of Commerce	Portland, Ore.
Virde, Herman, Commercial Attaché for Sweden	U. C. Extension Division	San Francisco.
Virden, Charles E., V. P.	American Fruit & Vegetable Shippers Assoc.	Sacramento, Cal.
Vizcarrondo, R., Mgr. Export Dept.	The Baldwin Piano Co.	Cincinnati, O.

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Vurpillat, Victor V.	Trans-Continental Freight Co. .	San Francisco.
Wade, H. M., Gen- eral Attorney	Redwood Mfrs. Company Foreign Trade Club	San Francisco.
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Wagner, Lawrence N.		Hong Kong, China.
Wailles, S. L., Pres.	Hobbs Storage Battery Co.	Los Angeles, Cal.
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Walker, William, Sales Mgr.	General Petroleum Corporation .	Los Angeles, Cal.
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Walton, M. C.	American Smelters Securities Co. Selby Smelting Works	San Francisco.
Wandless, H. J., Adv. Mgr.	Exporters Encyclopædia Corp. .	New York City.
Wang, H. H., Mgr. Director & Gen. Sales Mgr.	Commercial Press Ltd. Chinese General Chamber of Commerce	Shanghai, China.
Wangenheim, M. E.	Pacific Sanitary Mfg. Co.	San Francisco.
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Warrens, C. K.	Kleist & Co. Commerce Dept. University of California	Portland, Ore.
Wassard, A. Chr. ...	The Portland Flouring Mills ..	Portland, Ore.
Watanabe, H. K., Secy.	Japanese Chamber of Commerce	San Francisco.
Watanabe, M., Mgr.	Nippon Yusen Kaisha	Tokyo, Japan.
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Waters, C. B., Mgr. S. F. Off.	Remington Typewriter Co.	New York City.
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Watson, Benj. H., Salesman	The Koster Co.	San Francisco.
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Watt, W. W.	Frank Waterhouse Co.	Seattle, Wash.
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Weaver, Sylvester L., Pres.	Weaver Roof Mfg. Co.	Los Angeles, Cal.
Webster, L. M., Coast Mgr.	Mida's Trademark Bureau	San Francisco.
Weinbaum, Edward N., For. Trade Secy.	Portland Chamber of Com.	Portland, Ore.
Weinmann, William L.	Griffith-Durney Co.	San Francisco.
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Welden, David R., Exp. Salesman	David R. Welden. Foreign Trade Club	San Francisco.
Weldon, R. D., Mgr.	American Surety Co.	San Francisco.
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Welfield, H. S.	Associated Mfg. Imp. Co.	San Francisco.

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Wells, Horace D., Spec. Agt.	Travelers Ins. Co.	Chicago, Ill.
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West, G. L., Mgr. Marine Dept.	Phoenix Assurance Co.	San Francisco.
Westerbarg, Hon. Frederick, Acting Consul	Sweden	San Francisco.
Westgate, G. A., Asst. Mgr.	Albers Bros. Milling Co.	Portland, Ore.
Wheeler, J. T., Pres.	Portland <i>Telegram</i>	Portland, Ore.
Wheelwright, Wm. D., Pres.	Pacific Export Lumber Co.	Portland, Ore.
Whitaker, John H.	British Malaya	Sacramento, Cal.
White, Chas. H.	White Bros.	San Francisco.
White, Douglas, Gen. Mgr.	Retail Furniture Assn. of Cal. .	San Francisco.
White, Frank G., Chief Eng.	Board of State Harbor Commis- sioners	San Francisco.
White, Frank Ira, Fin. Editor	<i>The Oregonian</i>	Portland, Ore.
White, Geo. W., Buyer & Salesman.	W. B. Sumner & Co.	San Francisco.
White, H. A., Mgr. Pac. Coast Div.	The Pfaudler Co.	San Francisco.
White, Lynn T.	Robert Dollar Co.	San Francisco.
White, R. T., Mgr. For. Exchange Dept.	Cleveland Trust Co.	Cleveland, O.
Whitehead, E., Sales Mgr.	Associated Oil Co.	San Francisco.
Whitham, Paul P., Trade Com.	Bureau of Foreign & Domestic Com.	Washington, D. C.
	American Chamber of Commerce	Shanghai, China.
Whitney, C. W., Repr.	Muskegon Chamber of Com. C. W. Whitney Co. Bucyrus Company	San Francisco.
Whitney, Mrs. C. W., Repr.	C. W. Whitney Co.	San Francisco.
Whitney, Fred B., Chairman	The Deselektro Co.	Washington, D. C.
Whittemore, A. G., Local Sales Mgr.	American Soda Fountain Co., of Boston, Mass.	San Francisco.
Whittemore, C. W., Gen. Mgr.	Singer Sewing Machine Co. American Chamber of Commerce	Buenos Aires, Ar- gentine.
Whittemore, W. D., Agt.	International Banking Corp. ...	San Francisco.
Whitton, Fred, S. F. Repr.	Assn. General Contractors of America	San Francisco.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Wight, Fred. L.,		
Sales Agt.	U. S. Steel Products Co.	San Francisco.
Wilcox, R. B., Pres.	The Wilcox Hayes Co.	Portland, Ore.
Wilcox, Sidney W.,		
Acting Head,	Dept. of Economics U. of Ne- vada, University of Nevada ..	Reno, Nev.
Wilcox, W. E., V.		
Pres. and Cashier.	Anglo & London Paris Natl. Bank	San Francisco.
Wildesen, H. C.,		
Exp. Mgr.	Champion Spark Plug Co.	Toledo, O.
Wilkansky, I., Direc- tor Agricultural		
Dept.	Zionist Organization	Jerusalem, Palestine.
Wilkinson, Frank,		
Pres.	Wilkinson Company, Ltd. Board of Trade	Vancouver, B. C.
Wilkinson, R. L.,		
Asst. Mgr.	Wilkinson Counter Co.	Salem, Mass.
Williams, A. V.,		
Repr.	Armour & Co.	San Francisco.
Williams, C. F.,		
Exp. Dept.	Leon Israel & Bros.	San Francisco.
Williams, Carle L.,		
Secy. & Mgr.	Chas. F. Vandewater Co.	Long Beach, Cal.
William, Cassius M.,		
Pres.	Preservative Paint Co.	Seattle, Wash.
Williams, D. J., Sales		
Dept.	Air Reduction Sales Co.	Emeryville, Cal.
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Williams, G. S., Mgr.,		
Imp. & Exp. Dept..	Robert Dollar Co.	San Francisco.
Williams, H. D.,		
Pres.	Carnegie Steel Co.	Pittsburgh, Pa.
Williams, L. E.,		
Asst. Cash.	First National Bank	Portland, Ore.
Williams, R. T.		San Francisco.
Williams, Theo. G..	The Vinton Co.	Portland, Ore.
Williams, W. R.,		
Cash.	Bank of Italy	San Francisco.
Williamson, Chas. H.	Chas. H. Williamson	San Francisco.
Williar, Henry R.		San Francisco.
Willis, B. Reed,		
Mgr. San Francisco		
Branch	Irwin-Harrisons & Crosfield Co..	San Francisco.
Willkomm, M.		San Francisco.
Willoughby, Walter		
J., Mgr. San Fran- cisco Branch	Eaton, Crane & Pike Co.	San Francisco.
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Wilson, E. W., V.		
Pres.	Anglo & London Paris Natal. Bank	San Francisco.
Wilson, Fred S.	Trenton Chamber of Commerce.	San Francisco.
Wilson, H. F., Audi- tor	U. S. Steel Products Co.	San Francisco.

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Wilson, Helene H., Repr.	Bureau of Commerce & Indus- try of the Philippine Is.	Manila, P. I.
Wilson, L. B., Secy.	Green Coffee Assn.	San Francisco.
Wilson, Peter C., Repr.	Getz Bros. & Co.	San Francisco.
Wilson, T. R. C., Engineer Forest Products	Forest Products Laboratory....	Madison, Wis.
Wilson, W. A.		San Francisco.
Wilson, William C., Asst. to Pres.	American Institute of Wts. & Meas.	New York City.
Winckel, E. F., Mgr.	Schnitzler & Co. (Dutch East In- dies)	San Francisco.
Winckler, Otto W., Mgr.	John C. Siegfried Co.	San Francisco.
Winkler, C.	Amsterdam Chamber of Com- merce Rotterdam Chamber of Com- merce Java-China-Japan Line	San Francisco.
Winslow, Col. E. E.	Corps of Engineers, U. S. Army.	San Francisco.
Winter, M. A.	Board of Trade M. A. Winter Co.	Washington, D. C.
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Witbeck, R. C.	Witbeck, R. C.	San Francisco.
White, Frank G., Chief Eng.	Board of State Harbor Commis- sioners	San Francisco.
Whitehead, E., Sales Mgr.	Associated Oil Co.	San Francisco.
Whittemore, W. D., Agt.	International Banking Corp. ...	San Francisco.
Wolcott, R. B., Mgr. San Francisco Of- fice	Walworth International Co.	San Francisco.
Wolf, Guy W., Financial Editor	<i>The Commercial News</i>	San Francisco.
Wolf, J. W., Prop.	Zobel Millinery Co.	San Francisco.
Wolfe, Edward I. ..	S. F. City, Committee on Com- mercial Development-Board of Supervisors	San Francisco.
Wolfe, F. L., For. Exchange & Bul- lion Broker	F. L. Wolfe & Co.	San Francisco.
Wolfe, F. W., Asst. Cash.	Bank of California	San Francisco.
Wolff, Alfred E., Pres.	Wolff, Kirchmann & Co., Inc. .	San Francisco.
Wolff, L. A., Shoe Sales Mgr.	Standard Felt Co.	West Alhambra, Cal.
Wolff, T. J.	Gov. of the Philippine Is.	Philippine Islands.
Wong, Ralph B., Treas.	Western Canning Co.	Oakland, Cal.
Wood, Charles R. ..	R. D. Wood & Co. Water Works Mfg. Assoc.	Philadelphia, Pa.

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Woods, W. W., Vice-Pres.	1st Nat'l. Bank, L.A.	Los Angeles.
Woodruff, C. B., Secy.	W. P. Fuller & Co.	San Francisco.
Woodruff, W. H.	Foreman's Fund Ins. Co.	Los Angeles, Cal.
Woodward, G. G., Exp. Mgr.	Chanslor & Lyon Co.	
	Foreign Trade Club	San Francisco.
Woolner, H. E., Owner	H. W. Woolner & Co.	San Francisco.
Wool, F. G.	F. G. Wool Packing Co.	San Jose, Cal.
Woolfolk, R. B.	Crutchfield & Woolfolk	Pittsburgh, Pa.
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Wretman, N. E., Atty.		San Jose, Cal.
Wright, A. L., Asst. Mgr.	Hotel Stowell	Los Angeles, Cal.
Wright, Frank, Pres.	Carlisle Packing Co.	
	Associated Pacific Fisheries	Seattle, Wash.
Wright, Walter C., Publisher	Lumber Trade Journal	New Orleans, La.
Wrin, J. Howard, Mgr.	Macondry & Co.	San Francisco.
Wu, M. C., Exp. Mgr.	China Agency Trading Co.	San Francisco.
Wuichet, Louis, Pres.	Louis Wuichet, Inc.	Chicago, Ill.
Wurts, Myron L., Jr., Adv. Mgr.	Meese & Gottfried Co.	San Francisco.
Wyatt, Roscoe D., Mgr.	San Jose Chamber of Commerce	San Jose, Cal.
Wybrandt, A. Tigler, Secy.-Treas.	Holland-American Chamber of Commerce	San Francisco.
Wvld, G. G., Mgr. For. Dept.	First National Bank	Portland, Ore.
Wyman, Henry	Omaha Chamber of Commerce	Omaha, Neb.
Wynne, C. M., Exp. Mgr.	Montgomery Ward & Co.	Chicago, Ill.
Yamamuro, S.	Mitsubishi Co.	Tokyo, Japan.
Yater, Geo. J., Traf. Mgr.	Lunham & Moore	New York City.
Yates, P. B., Mgr.	P. B. Yates Machine Co.	San Francisco.
Ynchausti, Joaquin J. de	Joaquin J. de Ynchausti & Co.	Manila, P. I.
Yoshida, Y., Secv.	Okada & Co., Ltd.	San Francisco.
Yost, Paul K., West. Repr.	Irving National Bank	New York City.
Young, W. A. Jr., Gen. Pass. Agt.	Pacific Mail S.S. Co.	San Francisco.
Young, Wilford V., Sales Mgr.	Hy-Pres Mfg. Co.	Oakland, Cal.
Youngman, Elmer H., Editor	Bankers Magazine	New York City.
Zeamer, Jay, Exp. Mgr.	Chas. A. Schieren Co.	New York City.

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Zentner, J., Repr. ..	Nat'l. League of Commission Merchants, Inter. Apple Ship- pers Ass'n. & Western Fruit Jobbers	San Francisco.
Zucca, Antonio, Treas.	New York Fruit Exchange, Inc.	New York City.
Zumeta, Julio, Secy..	Riera, Toro & Van Twistern, Inc.	New York City.

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